



NEPAD

New Partnership for Africa's Development



EXECUTIVE SUMMARY (Draft)
Short-Term Action Plan
Infrastructure

May 2002

1. INTRODUCTION

One of the main priorities of NEPAD is the promotion of regional integration in the continent because individual African economies are typically too small to generate the economies of scale that can be found in larger markets. Bridging the infrastructure gap has been identified as an important element of promoting regional integration in Africa. Infrastructure is defined in this context as energy, water, transport, and information and communications technology (ICT). The development of regional infrastructure is critical for sustaining regional economic development and trade. The potential for promoting regional integration in Africa through the sharing of the production, management and operations of infrastructure facilities and through hubs, development corridors or poles is considerable.

While the overall picture is one of lagging coverage, poor maintenance, weak financing and inefficient management, there are differences across countries. Many countries have been able to upgrade and expand their infrastructure assets and improve services through a combination of policy changes, institutional reforms and investments. Over the last decade the movement of reform to decentralize and move away from the public sector monopoly model, has gained momentum in all infrastructure sectors. As governments withdraw from direct provision of services, they face the challenge of establishing regulatory frameworks that foster fair competition, support the emergence of regional markets and ensure that the end users obtain the expected benefits.

In developing the action plan, the approach adopted by NEPAD is two-pronged: a short-term action plan has been developed based primarily on a survey of the infrastructure projects and initiatives in the

countries and included in the programs put forward by the regional economic communities (RECs). For the short term plan, the main emphasis has been on selecting projects and initiatives with a strong facilitation element. The project selection process was guided by the following criteria: projects that are at an advance stage of preparation and that can be fast-tracked; projects that support both a regional approach to infrastructure provision and regional integration; projects that have stalled for political reasons and where NEPAD's intervention could be expected to make a difference; and initiatives that offer solutions to regional policy, regulatory or institutional constraints to infrastructure development. The Short-term Action Plan will be linked to and complemented by a Medium- and Long-term Action Programme that will take up projects and initiatives that require more time for preparation and development.

For each of the infrastructure sectors, the Plan contains a brief statement of overall objectives linking the sub-sector with the overarching goal of reducing poverty. Next the Plan reviews the problems and challenges facing the sector and outlines the response under NEPAD. The four common areas covered in the Plan are: (i) facilitation – establishment of policy, regulatory and institutional framework to create a suitable environment for investment and efficient operations; (ii) capacity building initiatives to empower particularly the implementing institutions to meet their mandates; (iii) physical or capital investment projects; and (iv) studies to prepare new priority projects.

The role of NEPAD in ensuring the successful implementation of the Short Term Action Plan will be: a) Mobilising political will and actions to implement policy and institutional reforms in the sectors, including harmonising regulatory systems, and ratification of agreements; b)

Facilitating the mobilization of resources for regional projects by pooling of resources of the countries concerned and by enlarging the participation of the private sector in operations as well as in financing of infrastructure; and c) Facilitating knowledge sharing, networking and dissemination of best practices among countries, RECs and technical agencies.

Underpinning all NEPAD infrastructure programs will be the objective of strengthening or developing *sector governance* arrangements that are rule-based, predictable, transparent and participatory. A peer review mechanism will be established to monitor implementation of the Plan and to identify any areas requiring specific intervention to speed up action. The principal aim will be to create the enabling environment for enhancing competitiveness and stepping up the flow of investments.

The NEPAD short-term plan in infrastructure is not a new set of initiatives. What NEPAD brings is a new vigour to accelerate the response to familiar problems and to implement tested policies and good practices. The new sense of urgency is embodied in the Africa leadership's collective commitment and determination to urgently mobilize and harness all resources available to speed up economic growth and social development and, thus, eradicate poverty.

Due to the nature of the Short-term Action Plan, it does not contain all the projects proposed by the RECs, nor does it set out to achieve balance between regions in Africa. It is to be interpreted rather as the first stage in a rolling action plan that will be updated periodically as and when better information becomes available. The Medium- and Long-term Action Programme will be much more comprehensive.

2. ENERGY SECTOR

The challenge for NEPAD's Energy Infrastructure Initiative is to develop fully the energy resources of the continent in order to deliver affordable energy services to economic and social sectors. This will enhance economic and social development and improve the standard of living of the continent's population. Under the Initiative, the continent's rich energy resources will be developed through regional cooperation. Guaranteeing a sustainable supply of affordable energy will contribute to a significant reduction in poverty, inequality, and environmental degradation. The projects identified in the Short Term Action Plan will support sustainable energy development, and serve as building blocks for the realization of medium- to long-term goals. The list of projects proposed for the short-term action plan is presented in the Box 1.

The Plan includes power system and gas/oil projects that are ready for implementation. In addition, studies will be undertaken for physical projects that will be implemented in the medium to long term.

The Capacity Building Project is intended to operationalise and strengthen the African Energy Commission (AFREC) and build capacity in the sub-regional organizations. As regards AFREC, it is intended to transform the institution into a legal entity through the ratification of the Convention and operationalise it through the appointment of the Board and the Technical Advisory Body by providing the appropriate technical support to discharge its responsibilities. The project would also provide technical support to the sub-regional organizations to strengthen their capacity in the formulation and implementation of regional policy, as well as strategy formulation, and preparation and implementation of regional programs. The Capacity Building and Facilitation Projects

will be undertaken by the countries with support from AFREC in collaboration with RECs.

The Facilitation Project will promote reforms and cooperation among African countries, donors and the private sector for energy infrastructure development. The preparation and implementation of an Energy Protocol will assist in attracting more, less costly investment, as it will include establishing legal, regulatory and institutional frameworks, assisting in providing the necessary enabling environment to attract investors. This will help to reduce the risks and enhance the perceptions of investors with respect to private sector investments.

Box 1: Summary of Energy Sector Projects and Initiatives for the Short-Term Action Plan
Power Systems Projects Mepanda Uncua Hydropower Ethiopia-Sudan Interconnection West Africa Power Pool (WAPP) Program Algeria-Morocco-Spain Interconnection (Strengthening) Algeria-Spain Interconnection & Algeria Gas-fired Power Station Mozambique-Malawi Interconnection
Gas/Oil Transmission Projects Kenya-Uganda Oil Pipeline West Africa Gas Pipeline (WAGP) Libya-Tunisia-Gas Pipeline
Studies Grand Inga Integrator DRC-Angola-Namibia Interconnection Nigeria-Algeria Gas Pipeline Sub-Regional Interconnections (East, West, Central)
Capacity Building (Regional) AFREC Operationalisation & REC Capacity Building Africa Energy Information System & Planning Tools Training of Energy Experts
Facilitation (Regional) Policies and Strategies Energy Protocol Cooperation in new and renewable energy Cooperation in improving energy efficiency & reliability of supply Cooperation in Oil and Gas trade, refining/processing Cooperation in rural energy

A key role of NEPAD would be in particular to support the strengthening of AFREC. Other important roles of NEPAD relate to facilitating cooperation and conclusion of agreements, monitoring

implementation of projects. It is expected that NEPAD would assist in putting into place the necessary energy institutions, frameworks, structures, policies and strategies to further public-private partnerships for development of the energy sector.

3. WATER AND SANITATION

Sustainable use of available and finite water resources is essential for the socio-economic development of the continent and for eradicating poverty. The available resources have to be harnessed to meet the growing basic needs of water supply and sanitation for a large number of Africa's population, contribute to food security through use of water for irrigation, and also be able to tap the available renewable hydropower potential of the continent, required to drive its industries.

Some of the critical issues which need to be addressed in order to accelerate the development of the Africa's water resources include: (i) the adoption of effective national and regional policies and institutional frameworks based on the principle of integrated water resources management (IWRM), (ii) the establishment of collaborative framework on agreements to facilitate the management and development of shared water resources, (iii) capacity building; and the urgent need for improved water wisdom. While absorptive capacity is a limiting factor in some areas, inadequate funding remains a major constraint for the sector development: it is estimated that US\$20 billion annually would be required to meet the continent's Millennium goals.

In response to the challenges facing Africa in the water sector, the African Water Vision for 2025 has been developed to stimulate a shift in approach toward a more equitable and sustainable use and

management of Africa's water resources for poverty alleviation, socio-economic development, regional cooperation and the environment.

The proposed programmes/initiatives included in the Short Term Action Plan are fully in support of the Africa Water Vision and its Framework for Action. They address the following themes: a) enabling environment for regional co-operation; b) support for the development of national IWRM policies; c) meeting urgent water needs; d) improving water wisdom; and e) strengthening the financial base for the desired water future. A summary of the proposed projects is presented in Box 2.

Box 2: Summary of Projects for Short Term Action Plan – Water and Sanitation Sector	
	Region
A: Enabling Environment for Regional Cooperation: Water Resource Planning and Management – Nile Basin Support of New and Existing River Basin Organizations Action Plan for the Integrated Water Resources in West Africa Water Resources Management in Central Africa	East Africa Several regions West Africa Central Region
B: Support to Development of National Integrated Water Resources Management Policies: Support for the Development and Implementation of National Water Sector Policies and Strategies - SADC	Southern Africa
C: Meeting Urgent Basic Services: Rural Drinking Water Supply and Sanitation in the Niger Basin Combating Drought and Desertification in the Maghreb	West Africa North Africa
D: Improving Water Wisdom: Water Resources Assessment in SADC Implementation of IGAD HYCOS Strengthening of the ABN Interstate Forecast Center (CIP)	Southern Africa East Africa West Africa
E: Strengthening the Financial Bas for the Desired Water Future: Study to Improve Financing Mechanism for Development of the Water Sector	All regions

Some of the proposed short-term interventions are either just entering the implementation phase or are at an advanced level of preparation.

NEPAD support will be in the form of mobilizing political commitment, bringing to bear peer review using independent

organizations or annual review reports on progress made by countries or regions in achieving selected targets, and facilitating the mobilization of funding required by some of the proposed programmes.

4. TRANSPORT

The goal of the NEPAD transport program is to close Africa's gap in transport infrastructure and services, by: a) Reducing the costs and improving the quality of services; b) Increasing both public and private financial investment in transport infrastructure; c) Improving the maintenance of transport infrastructure assets; d) Removing formal and informal barriers to the movements of goods and people; and e) Supporting regional cooperation and the integration of markets for transport services.

NEPAD's role in the transport sector will be to provide strategic leadership by mobilizing political support and financial resources to pursue needed reforms and to launch programs and projects in support of regional integration and overall competitiveness. NEPAD will promote innovative approaches to mobilize resources to develop infrastructure along *regional corridors* to facilitate trade and to open up previously isolated regions. NEPAD transport objectives will be pursued under programs targeting specific institutional constituencies.

The NEPAD transport program has been developed along five broad themes, namely, a) trade corridors without borders and barriers; b) better and safer roads to bring Africa together; c) competitive and seamless rail services; d) efficient ports and safe seas and ports; and e) safe, secure and efficient skies and airports.

The goal of *trade corridors without borders and barriers* is central to the NEPAD transport agenda as cumbersome

and unpredictable clearance procedures in the ports, at border crossings, and at inland terminals, as well as unnecessary road checks, are a major source of delays and costs along trading routes particularly along the corridors serving landlocked countries. The role of NEPAD will be to accelerate the implementation, by member States, of existing agreements and protocols to eliminate non-physical barriers and help RECs to set benchmarks and seek compliance through the NEPAD peer review mechanism.

The goal of *better and safer roads to bring Africa together* will be pursued by accelerating the development of regional networks and by strengthening the capacity for sustainable road management.

Box 3: Summary of Short-term programs/projects Trade Corridors	
Title	Sub-region
Institutional	
Implementation of transit facilitation, joint (one stop) borders and observatory in the corridors: (a) Abidjan – Ouaga – Niamey; and (b) Abidjan – Accra – Lome - Lagos (c) Douala – N’djamena – Bangui Corridor.	West Africa West Africa Central Africa
Implementation of overload control along corridors: - at least 2 main corridors in each sub-region	West, Central, Southern, Eastern and North Eastern and Northern Africa corridors
Implementation of harmonized COMESA/SADC CD & regional bond guarantee scheme	Main transit corridors in East and Southern Africa
Strengthening/Establishment of private sector associations and stakeholder forums	Main transit corridors each for West, Central, Southern, Eastern and North Eastern Africa sub-regions
Implementation of one-stop border posts along NC and two other SADC corridors	Northern (Mombasa) corridor, Beira & Dar – Malawi and Zambia corridors

The first priority will be to support road sector development programs (RSDPs) based on the network management approach and on institutional arrangements to ensure reliable funding of maintenance and accountability to users. The medium term goal is to bring the number of countries that are implementing or preparing RSDP from 15 at present to at

least 25. Increased investment in regional roads will be pursued under the framework of sub-regional programs prepared by the RECs. NEPAD will support the development of guiding principles for planning and financing the upgrading of roads along regional corridors.

Box 4: Summary of Short-term Program for Better and Safer Roads to bring together Africa
Institutional, policy advice, road safety.
Studies (estimated on the basis of regional programs)
Regional roads upgrading and construction (Based on projects included in REC’s programs, which meet the criteria mentioned above and for which studies are available at least to feasibility level).

The immediate major challenge for railways is to reverse the historical poor management of most national public railways. The goal of *competitive and seamless rail services* will be pursued through institutional reforms combined with investments.

Box 5: Short-Term Projects/Programs for Railways	
Title	Country Sub-region
Institutional	
Support for concessioning of railways: - Technical assistance for strategy formulation; - regulatory capacity building; and - provision of transaction advisors.	Kenya, Uganda, Tanzania, Zambia, Swaziland
Physical	
Rehabilitation of Railways in support of concessioning <u>Uganda Railways</u> Malaba – Kampala railway (part of 250 kms), including bridges Port Bell and Jinja wagon ferry terminals rehab. Improving Port Bell – Kampala rail section	East
<u>Kenya Railways</u> Nakuru – Kisumu rail section rehabilitation (part of 250 kms), including bridges	East
<u>Tanzania Railways</u> Track rehabilitation, upgrading signals telecoms for Dodoma – Tabora – Mwanza section <u>Nacala Corridor Railway</u> Rehabilitation of 77 Kms (Cuamba – Entre Lagos).	East Southern
Studies	
Feasibility study for railways interconnection:	West and Central
Feasibility study of the Brazzaville–Kinshasa rail/road bridge	Central Region
Feasibility study of Trans-Maghreb railway system	North Region
Undertake needs assessment study for Angola and D.R. Congo for rehabilitation of the Benguela railway corridor system	Angola, D.R.C

NEPAD will also support joint or coordinated concessions and cross shareholdings across borders as well as well as the integration of railway services in multi-modal logistic chains.

Box 6: Summary of Short-Term projects for Ports	
	Regions/ Countries
Physical	
Mombasa Port: expansion of the capacity of the container terminal and berth conversion.	Kenya, EAC
Nacala Port: rehabilitation in support of concessioning	Mozambique-Malawi: SADC
Lobito Port: rehabilitation, transshipment facilities	Angola
Abidjan Port: container terminal, dredging of Vridi Canal.	Cote d'Ivoire
Dakar Port: rehabilitation and construction of container terminal	Senegal, UEMOA, ECOWAS
Djibouti Port: container handling facilities	Djibouti, Ethiopia, IGAD
Studies	
<i>Mayumba Port pre-feasibility study</i>	Gabon, ECCAS

In order to fulfill their role as Africa's gateway to rest of the world, regional ports need to improve their performance and modernize their operations. The goal of *efficient ports* will be to align the performance of all African ports with the best among them specifically by reducing container clearing time by half or to the five-day benchmark by year 2006. The component for *safe seas and ports* includes measures to protect Africa's seaboard from the risks of maritime pollution and to ensure the safety of its ports. NEPAD will foster multi-country approaches to capacity building and environmental preparedness.

Box 7: Summary of Short-Term Projects for Safe Seas and Ports	
	Country/ Sub-region
Institutional	
Advisory services for maritime affairs	Southern sub-region
Development of a regional strategy for ship waste reception facilities	Southern sub-region
Maritime safety and prevention and control of marine pollution.	West and East Coast,

Box 8: Summary of Short-Term Action Plan Inland Waters	
	Country Sub-region
Institutional	
Lake Victoria: improvement of maritime safety on Status (legislation, safety, search and rescue capacity)	Tanzania, Uganda, Kenya
Lake Malawi-Nyassa-Niassa needs assessment on safety (similar to the one already carried out for Lake Victoria)	Malawi, Tanzania, Mozambique
Lake Tanganyika: need assessment	DRC, Tanzania, Burundi, Zambia
Congo River: assessment and urgent rehabilitation: ports, nav aids, institutional support.	DRC, CAR, Congo

The goal of *safe, secure and efficient skies and airports* is to lower the cost of air travel and freight, to reduce the isolation of Africa in the air transport market, and to improve safety on the ground and in the air. The first objective will be to consolidate the Yamoussoukro Decision through support directed at sector reform, airline privatisation, regulatory capacity, restructuring of civil aviation services and upgrading of aviation infrastructure. The safety and security agenda will be supported through the implementation of: (i) a regional UACC (Upper Air Space Control Center) project; (ii) two regional GNSS project (Global Navigation Satellite System); (iii) measures to comply with ICAO security standards; and, (iv) joint safety oversight inspection capacity (COSCAP). At the political level the NEPAD peer review mechanism will support the implementation of the Yamoussoukro Decision. NEPAD will also help to build consensus for joint action regarding in particular modern upper air space control centers.

Political commitment at high levels will be a powerful driver for NEPAD objectives, in transport, however in order to obtain rapid progress on the ground, the delays and the problems that have plagued regional initiatives will have to be overcome. NEPAD will pursue the establishment of a *Regional Transport Reform and Integration Support Facility*

for Africa (TRISFA). The proposed facility would be set up as a trust fund modelled along the lines of the Private Participation in Infrastructure Advisory Facility (PPIAF) and would be demand driven. It will offer punctual support to RECs and agencies engaged in NEPAD transport programs.

Box 9: Summary of Short-Term Program for Safe Skies - Air Transport	
Title	Location
Institutional and physical	
Support for implementation of the Yamoussoukro Decision (liberalisation) and aviation restructuring: - Regional coordination and exchange of information and best practices - Regulatory capacity building - Upgrading airport security - Upgrading airport infrastructure and related facilities to category 1 standard,	All regions All countries Two non category-1 major airports per sub-region (total 10)
Establishment of Upper Airspace Control Centre (UACC)	SADC & EAC
GNSS project - Implementation of test bed - Installation of ground infrastructure	Africa & Indian Ocean region
Establishment of joint safety oversight units (COSCAP)	West, Southern & East sub-regions Central, North-East, North
Studies	
Establishment of Upper Airspace Control Centres (UACC) -	Study to cover other sub-regions (West, Central, North-East, North)
Aviation infrastructure needs assessment study	Angola and D.R. Congo

5. INFORMATION AND COMMUNICATIONS TECHNOLOGIES (ICTs)

The problem of inadequate access to affordable telephones, broadcasting services, computers and the Internet in most African countries is due to the poor state of Africa's ICT infrastructure, the weak and disparate policy and regulatory frameworks and the limited human resource capacity in these countries. Although African countries, in recent years have made some efforts to facilitate the ICT infrastructure deployment, roll-out and exploitation process in a number of

areas, Africa still remains the continent with the least capability in ICT and least served by telecommunication and other communications facilities.

The threat posed by the digital divide to the rapid development of African countries can on the whole be attributed to their inability to deploy, harness and exploit the developmental opportunities of ICTs to advance their socio-economic development. There is therefore an urgent need to put in place and implement ICT initiatives to bridge the digital divide at four levels namely: (i) bridging the divide between the rural and urban areas within a given country; (ii) bridging the gap between countries of a given sub-region, (iii) bridging the inter-regional gap and (iv) bridging the gap between Africa and the rest of the world.

To address these challenges, the Plan proposes three broad areas of programs for implementation under Short-term Action Plan; namely: *ICT Infrastructure Development and Roll-out Projects; ICT Infrastructure Development and Roll-out Facilitation Projects; and ICT Infrastructure Exploitation and Utilization Initiatives*. A number of projects and initiatives have been identified for implementation under each of these three broad program areas.

First, five ICT physical infrastructure development projects to speed up the process of sub-regional and regional connectivity and inter-connectivity are identified for implementation under the Plan.

Box 10: Summary of Short-Term Plan: ICT Infrastructure Deployment and Roll-out Projects		
Project	Region(s)	Sponsors
COMTEL PROJECT	COMESA	COMESA
ECOWAS Regional Interconnection Project	West	ECOWAS
The SADC Regional Infrastructure Initiative (SRII)	Southern	SADC
The RASCOM Project	Whole Continent	RASCOM
SAT-3/WASC/SAFE-Utilisation to Improve Interconnectivity	South, Central, West, East	SAT3/WASC/SAFE

Second, five sub-regional and regional initiatives directed at facilitating the ICT infrastructure development, deployment and rollout process have been identified. These include: harmonizing the regulatory framework and environment across the sub-regions; study to assess the development of equipment manufacturing capability in the continent; developing the necessary human resources; facilitating the effective participation of African countries in global ICT policy and decision making; and strengthening regional institutions mandated to support ICT infrastructure development, roll-out and deployment activities on the continent.

Box 12: Summary of Short-Term Plan: ICT Infrastructure Deployment Facilitation Projects		
Project	Region(s)	Sponsors
Telecommunications Equipment Manufacturing in Africa Study	Whole Continent	ITU-Africa Region
ICT Policy and Regulatory Framework Harmonization at Regional Level	Whole Continent	ATU, RECs
Strengthening of African Telecommunications and ICT Institutions	Whole Continent	Identified Institutions
Programme to Enhance Africa's Participation in the Global ICT Policy and Decision Making Fora	Whole Continent	ATU, RECs, NTOs
The ICT Human Resource Capacity Development Initiative for Africa	Whole Continent	ATU/ITU-Africa Reg

Finally, to facilitate the wide deployment, exploitation and utilization of ICTs within the societies and economies of Africa, six continental umbrella initiatives are identified for implementation namely: African SCAN-ICT and E-Readiness Initiative, The African Regional Telemedicine Initiative, The Electronic Governance & Government Initiative for Africa, The African Electronic Commerce and Trade Initiative, The African Regional Tele-education Initiative and The Africa Content Development Promotion Initiative.

The Plan provides details of the broad institutional arrangements required for facilitating the implementation of the

Box 11: Summary of Short-Term Plan ICT Infrastructure Exploitation and Utilisation Initiatives		
Project	Region(s)	Sponsors
The African SCAN-ICT and E-Readiness Initiative	Whole Continent	UNECA
The African Regional Telemedicine Initiative	Whole Continent	RECs
The Electronic Governance & Government Initiative for Africa	Whole Continent	RECs AfDB
The African Electronic Commerce and Trade Initiative	Whole Continent	RECs AfDB
The African Regional Tele-education Initiative	Whole Continent	RECs
The Africa Content Development Promotion Initiative.	Whole Continent	RECs

projects and initiatives identified under the three broad program areas. The roles that NEPAD will play in facilitating the implementation of the projects of the short-term plan are also detailed. Specifically, NEPAD will: (i) promote the projects and initiatives both within and outside Africa; (ii) in consultation with the various sub-regional and regional stakeholders of each of the initiatives identify the effective ways and means by which to support and speed up the implementation of each of the initiatives within the time-frame of the Plan and (iii) facilitate the mobilization of the required financial resources from both domestic and external sources to speed up the process of implementation of the projects. Issues relating to the risk factors associated with each of the project areas identified for implementation are also addressed in the Plan.

6. PUBLIC PRIVATE PARTNERSHIP (PPP) IN INFRASTRUCTURE DEVELOPMENT

Public-Private Partnerships (PPPs) have emerged over the last decade as one of the best ways to foster development, fuelled by insufficient investment, growing pressures on government budgets and a general concern about service provision by

state enterprises and agencies. PPPs have taken place mainly in economic (physical) infrastructure, such as power, transport, telecommunications, water and sanitation. The desire for greater efficiency and better services, as well as the limited volume of public resources available to finance such services are now increasingly leading governments to embrace public-private partnership approach. In developing countries, the total level of PPP's in infrastructure grew from US\$ 16.6 billions in 1990 to over US \$95 billion by 1998. However, in Africa, the value of transactions and number of countries with PPP projects are still limited. Over the 1990-98 period, Africa accounted for about US\$ 14 billion of the total investment of US\$ 496 billion made in PPP projects in developing countries, as compared to US\$ 237 billion for Latin America and Caribbean region.

In order for more PPPs to emerge in Africa, countries need to improve the business environment. At present serious constraints exist in many countries. These constraints are: inadequate legal and regulatory framework for PPPs; lack of technical skills to manage PPP programmes and projects; unfavourable investor perception of country risk, Africa's limited role in global trade and investment, small market size, limited infrastructure, and limited financial markets.

NEPAD will encourage governments to undertake needed reforms to improve the business climate. This would include liberalization of investment, trade, and prices, promoting competition, creating deeper and broader financial markets, tax reforms, ensuring that commercial law protects property rights.

Furthermore, NEPAD will encourage and assist African governments to create the necessary legal and regulatory framework for PPPs by assessing existing laws

affecting PPPs and drafting the Law on PPPs and regulation, drafting model PPPs contracts. NEPAD will also encourage and assist countries to establish Regulatory bodies in countries where they are absent as well as facilitating networking and sharing of experience among regulatory agencies and other similar organizations.

Where required, NEPAD will encourage and assist countries to create PPP technical units staffed with relevant and skilled personnel (legal, financial, economic, procurement and technical expertise) with capabilities to plan and execute PPP programs. In addition, NEPAD will facilitate collaboration and exchange of experience in PPPs between technical units of countries as well as the dissemination of information on good practices.

7. PREPARATION OF THE MEDIUM - LONG TERM ACTION PLAN

A Medium-Long Term Action Plan (MLTAP) study will be undertaken to complement and supplement efforts undertaken within the Short-Term Action Plan. It would unfold over an 18-month period starting in 2003. The principal objectives of the MLTAP will be to:

- To prepare *medium to long term strategy for sectors* or sub-sector to attain specific service and coverage standards for each *sub-region*
- To develop *medium term programs* to implement the strategy with measures in the three areas of sector policies and institutional reform, investment and sector financing, capacity building.
- To prepare a *regional overview* on the basis of the sub-regional programs including support measures and initiatives to speed-up implementation and facilitate coordination among NEPAD partners.
- To prepare address *cross cutting themes*: governance and regulation,

- financing and pricing, capacity building and knowledge networks.
- To establish an *Africa Infrastructure Database* and develop plan for its upkeep.

The proposed cross cutting study on financing of infrastructure under NEPAD is particularly important. This is because all sub-sectors call for an increase in commercial financing but the fact is that the mobilization of private financing has been slow and sparse. Very little has been mobilized on the domestic markets. NEPAD will pursue the development of instruments to facilitate the channelling of private financing into infrastructure programs. Specifically, the financing study will review the following issues: a) guarantee and insurance schemes; b) mobilisation of domestic resource for long-term finance; c) financing for regional multi-country projects; and d) leveraging of public funds. The study will also review the emerging African experience with regulation; specifically: a) distribution of responsibilities between regulator and sector agencies; b) statutes, tenure, financing of regulatory bodies; c) multi-sector vs. single sector regulators; and d) regional regulation in telecom, air transport, cross-border power traffic etc.

The MLTAP study would be carried out by teams of consultants under the oversight of a steering committee comprising of RECs and the NEPAD Secretariat, and a coordination unit at the AfDB. An advisory panel would provide quality assurance.

8. WAY FORWARD

The first step will be to establish an effective institutional framework for implementation of the NEPAD programme. The **individual countries** constitute the nuclei of all programmes and implementation actions. Working with civil society and private sector, they are

expected to internalise the NEPAD programmes in their development strategies such as the PRSP. The RECs as building blocks of the OAU/AU, the parent body of the NEPAD initiative, form the sub-regional level planning, coordination and monitoring of the integration process. The OAU/AU is the apex body at continental level. For NEPAD, the OAU/AU has designated special committees, the Heads of State Implementation Committee (HSIC) and the NEPAD Steering Committee (SC), to drive the process. NEPAD have also designated specialised institutions, such as the AfDB and ECA, to assist it in the development and elaboration of specific initiatives and programmes.

Next Steps: The action steps envisaged following the completion of this report are classified in the following main themes:

- a) **Processing and Securing of Endorsement the Report and Short-term Programme:** Among the major activities to be undertaken is the consultation with RECs and other designated agencies. This consultation will provide an initial opportunity to secure buy-in of these organisations, which are critical for successful implementation of the programme. Activities under this theme will be completed by 10 July 2002.
- b) **Mobilising RECs and Implementation Agencies:** After endorsement of the programme by the OAU/AU, the RECs and other designated implementing agencies will be given implementation guidelines and instructions. Each REC will coordinate the elaboration of targets and key activities and time schedules for implementing programmes or projects it is involved with. The Secretariat, assisted by a designated specialised African Institution as the infrastructure

coordinator, will synthesis the submissions of the RECs in order to harmonise them. Activities under this theme will be completed by 15 December 2002.

- c) **Mobilising Finance:** The responsibility to mobilise finance will be shared between countries, RECs and the NEPAD apex institutions. They will set in motion a fund raising machinery, which will include intermittent road shows, round tables or investment forums. This activity will be continuous.
- d) **Implementing the NEPAD Infrastructure Short-term Action Plan:** The proposed timing of implementation of the main components of the programme will thus be reviewed, according to availability of funds. Activities will continue over the whole plan period of 4-5 years.
- e) **Establishing a Peer review and monitoring system:** The first action will be to set up a sector Peer Review and Monitoring System by September 2002.
- f) **Undertaking a Long-Term Infrastructure Perspective Study:** The long-term perspective study is planned to overlap with the implementation of the short-term programme. The study process will thus also provide an opportunity to review and refine elements of the short-term plan, including the criteria for selection of projects, benchmarks and targets. It would unfold over an 18-month period starting in 2003.

Risks: A **political risk** that some countries may not pursue or delay implementation of NEPAD endorsed programmes will be mitigated through intensive engagement

and actions to be determined within the framework of peer review. An **institutional risk** that the institutional framework may lead to elongated process, or that the capacity constraints will not be solved. NEPAD will avoid additional layers of bureaucracy and promote capacity building initiatives.

The **financial risk** that there will be delays in implementing projects due to lack of or delayed availability of funds be will mitigated by proactively addressing the concerns of potential financiers and investors.