

The EU-Africa Partnership on Infrastructure

The current lack of infrastructure on the African continent severely constrains economic growth and hampers human and social development. Road transport accounts for 90% of interurban 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. Lack of access to electricity makes people leave their villages, to look for more comfortable life in the capitals, too often ending up in slums and degradation. Intra-African telecommunications mostly need to be sent via the North due to a lack of interconnections and clearing houses; as a result, Africa is paying an additional \$400 million a year for telecom services. These funds could be used elsewhere in a much more appropriate way.

The EU-Africa Partnership on Infrastructure – Creating and sustaining regional infrastructure networks and services

One of the main actions that underpin the EU Strategy for Africa is the creation of the **EU-Africa Partnership on Infrastructure**. The Partnership for Infrastructure is the EU's response to the infrastructure gap that hinders Africa's economic development. It aims to secure the interconnectivity of the African continent and its different regions. The partnership will encompass 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. Improving infrastructure and infrastructure-related services will contribute to sustainable economic growth, promote regional trade, foster regional integration and reduce poverty.

A new EU Infrastructure Trust Fund for Africa

The Partnership will be supported by a new **EU Infrastructure Trust Fund for Africa**, which will be set up together with the European Investment Bank (EIB). The Trust Fund is an innovative way for the EC and interested Member States to co-finance with EIB and European and African Development Financing Institutions. The grant income of the Trust Fund will be provided by EC and any EU Member State willing to contribute. Trust Fund grants are envisaged to cover (i) interest rate subsidies, (ii) co-financing with EIB and other banks, (iii) risk guarantee mechanisms not already covered by existing instruments, and (iv) grants for project preparation and capacity building activities. In short, EU grants will attract and leverage additional funds by other donors and private investment. The EU-Africa Infrastructure Trust Fund will receive €60 million from the 9th EDF. In addition, the EIB will provide an initial allocation of €260 million in loan financing.

First batch of projects ready for approval end 2006

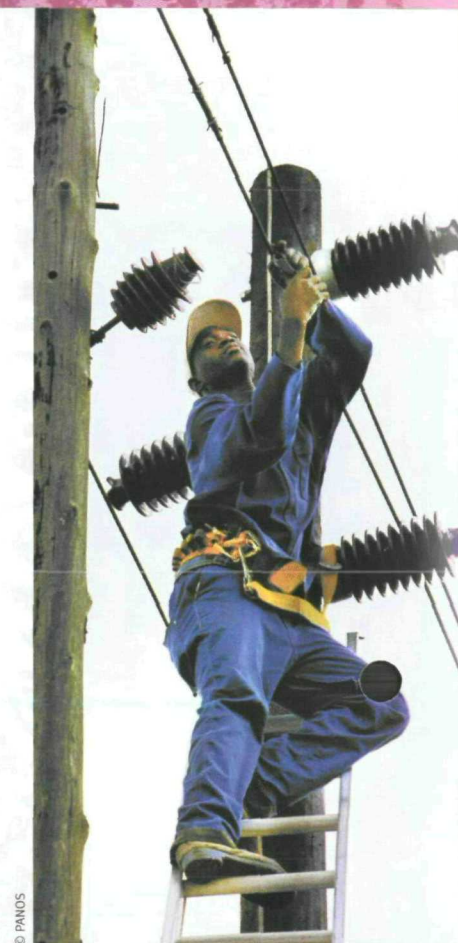
The European Investment Bank, and other potential financial partners of the Trust Fund, should be ready to present a first batch of infrastructure projects for approval by the end of 2006. Projects could then start during 2007.



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The EU-Africa Infrastructure Partnership will help develop access to sustainable and affordable energy services, and facilitate essential investments for generation, cross-border interconnections, grid extension and rural distribution.

- Escalating electricity and fuel prices, coupled with persistent food crisis in the region, have pushed commodity prices up.
- Improved access to electricity and the availability of affordable and reliable services will allow Africans 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.
- Lack of access to electricity makes people leave their villages to look for more comfortable life elsewhere in the capitals (increasing slums and degradation) or in developed countries. Improved access to electricity will help to create the conditions for economic growth and industrial production and will allow people to live with dignity in their home towns and villages. Increased access to electricity will also mean increased access to communication, radio and television
- 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.



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Estimated €5.6 billion for Infrastructure 2008-2013

The EU Africa Partnership on Infrastructure will also draw upon resources from the 10th European Development Fund (EDF) and bilateral aid programmes financed by individual EU Member States. 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).

Improving Infrastructure will improve economic growth

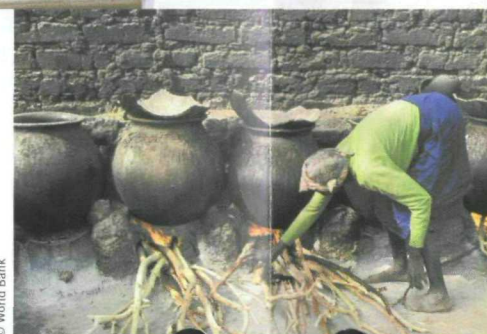
Getting Africa to invest in Africa and attracting foreign direct investment depends on creating a climate conducive for investment. This means that, in addition to a transparent and manageable environment for business, there needs to be adequate infrastructure – a reliable electricity supply, efficient transport links, modern telecommunications and adequate water supply and sanitation.

Improving Infrastructure will improve regional trade

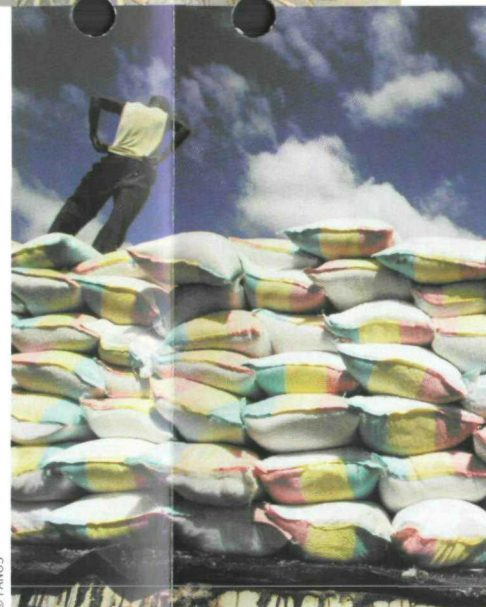
Moving goods in Africa is difficult and costly. Better infrastructure – roads, rail, ports – with improved customs tariffs and standards will unlock many of the bottlenecks and stimulate international trade.

Improving Infrastructure will foster regional integration

Better infrastructure will facilitate exchanges between states through integration within coherent regional trade agreements and harmonisation of infrastructure policies and regulatory frameworks. Good communication and the use of e-technologies can accelerate the process.



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The EU-Africa Partnership on Infrastructure will help reduce the cost and improve the quality of services by removing barriers to free movement of goods and people and improving the maintenance of transport assets. This would include trade corridors without borders and barriers; better and safer roads; competitive rail services; efficient and safe ports and seaways; and safe, secure and efficient airports and air corridors.

- Better 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 more 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 lost time due to illness and increasing household productivity and life expectancy, particularly in rural communities.

EU-Africa Partnership on Infrastructure will help to bridge the Digital Divide by providing adequate access to affordable ICTs through support to regulatory reform and capacity building, developing of broadband infrastructure and pan-African non commercial e-services.

- Information & Communication Technologies will come in support of the health, educational and governmental sector and as such they 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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Improving infrastructure will reduce poverty

Better infrastructure will mean that there will be more opportunities for gainful employment – not just in the short term during construction of infrastructure networks, but in the long term as opportunities for local, national and regional trade are increased and produce can be brought to markets. As countries benefit from improved and new infrastructure linked with the continuing reform on how they maintain, finance and manage their infrastructure networks, so employment opportunities will increase.

A joint effort by EU Member States and the Commission

One important aspect of the EU-Africa Partnership on Infrastructure is the potential for better European donor coordination and improved efficiency. Based on the EU Strategy for Africa, it represents a concrete proposal for EU Member States to channel, in a coordinated way, their scaling up of aid to Africa in the coming years.

What is the European experience in developing infrastructure networks?

The EU has a long-standing experience of working with infrastructure programmes in individual African countries. The EU also has extensive expertise to share with Africa from its experience of developing Trans-European Networks (TENs) of regional infrastructure for achieving economic growth and regional integration. 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 for Infrastructure will assist sustainable use of water resources to meet the population's basic water and sanitation needs and will contribute to improved water resources management at local, national and transboundary levels.

- Water availability in many countries of Africa and Asia is subject to large seasonal fluctuations, as well as periodic cycles of drought and flood. Climate change is and will continue to exacerbate rainfall variability and threaten water sources. More effective management of water resources is needed to improve water security.
- Nearly all of Africa's rivers are shared between two or more countries. There is a need to get countries to cooperate on the use of the resources of their shared rivers through water resources management plans that address the needs of all users and respect the needs of the environment. These plans should be the basis for development of the infrastructure (dams, irrigation systems, water supplies, hydro-electric power) that is needed to reduce vulnerability to droughts, to manage floods better, and to strike a balance between the use of the water resources as a basis for livelihood and conservation of the resource to sustain its functions and characteristics.
- Freshwater is a finite and precious resource essential for sustaining life and human development. Some 2.2 million people in developing, most of them children, die every year from diseases associated with lack of access to safe drinking water, inadequate sanitation and poor hygiene. This is one of the leading causes of illness and death. 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.

water



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... WHERE CAN I READ MORE?

All documents that explain the EU Strategy for Africa in greater detail (as well as the full text of the Strategy itself) can be consulted at the following website: www.europe-cares.org/africa

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