LINK!

INSIDE THE AFRICA - EUROPEAN UNION PARTNERSHIP

Lettre d'information de la Délégation de l'Union Européenne auprès de l'Union Africaine

Contenu
Content

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EDITORIAL

Ask any businessman in Africa what constraints affect them the most in producing and getting their goods and services to market, and Infrastructure is likely to figure at or near the top of their list. This is why we have decided to devote this issue of LINK to look at how Africa and Europe are working together to improve infrastructure connections across the Continent.

The EU is a longstanding supporter of Africa's infrastructure, having financed numerous infrastucture projects across Africa over recent decades.

This support has been boosted since 2007 with the Africa-EU Infrastructure and Energy Partnerships and the creation of the Africa-EU Infrastructure Trust Fund (ITF) and Neighbourhood Investment Facility (NIF). These instruments blend EU grants with loans from Development Finance Institutions and the private sector to finance large scale infrastructure projects in Sub-Saharan Africa and North Africa respectively.

This blending business model has proved to be very effective. In just five years the ITF and NIF have together mobilised 500 million euros in grants blended with over 9 billion euros in loans to finance 70 projects to improve interconnectivity across Africa in transport, energy, water and ICT.

For the EU and its Member States and also for Africa, blending grants and loans has proved to be a big success in leveraging significant additional finance to support some of the very large scale infrastructure programmes which are required to provide the interconnections that Africa needs. Blending, together with more support to the private sector in order to stimulate inclusive and sustainable growth, are key elements of the EU's new development policy, the Agenda for Change.
And Africa's infrastructure needs are certainly immense, with major gaps in the continental transport, energy, water management and ICT networks. This is the issue now being addressed by the Programme for Infrastructure Development in Africa, endorsed by the AU Summit in January 2012.

I would like to congratulate AUC, AfDB and UNECA for their joint work in making PIDA a reality. The EU is pleased to have been able to support this process. We are also grateful to the AUC for having invited us to be members of the PIDA Steering Committee.

The implementation of PIDA is crucial for the realisation of the other major decision of last January's AU Summit, the creation of a Continental Free Trade Area. Africa needs to maintain its favourable economic growth path but to do so, it needs to boost trade and create many more jobs. Increasing the size of the continental market through free trade is a vital ingredient for success. At the same time, well functioning infrastructure is a precondition for increasing trade. Hence the importance of PIDA. The PIDA Priority Action Plan sets out the top priority regional infrastructure needs up to 2020 estimated to cost US $ 68 billion. The PAP rightly points out that African countries will have to mobilise most of this financing themselves from domestic public and private resources as well as through foreign private investment. Aid will nevertheless continue to play an important role, but in a period where aid budgets are coming under increasing stress, we will have to follow innovative approaches and use the aid to leverage investments from other sources. But PIDA is not just about capital investment. Governments, regional and continental bodies need to take action to address the many barriers to trade and investment that hold back economic and social development. Governments need to foster an attractive business and regulatory climate, trade policies need to be implemented effectively and bureaucratic hurdles need to be removed. These reforms are every bit as important as the investments in infrastructure if their full benefit is to be realised.

One of the key areas for PIDA is Energy, with a series of projects to unlock Africa's hydropower potential and interconnect electricity networks. Both the Africa-EU Infrastructure Trust Fund and the Energy Facility are already contributing to this process. In addition, the UN Secretary General launched last year the Sustainable Energy for All (SE4All) initiative and invited EU Development Commissioner Andris Piebalgs to participate in the High Level Group which is tasked to deliver an agenda for action. It has been agreed that the European Commission will take the lead in implementing SE4All in Africa.

The Sustainable Energy for All initiative links up well with the Energy component of PIDA and we should work together to ensure that all opportunities are taken to maximise synergies between PIDA and Sustainable Energy for All.

A lot is already being achieved but much more remains to be done. I believe that the Africa-EU Partnerships on Infrastructure and Energy both have a key role to play in helping to deliver the major infrastructure improvements that Africa requires to meet its ambitious development targets. We look forward to continuing our close cooperation with AUC, AfDB and UNECA, the REC's, national governments, development financing institutions and the private sector.

In this issue of LINK you will find interviews with EU Development Commissioner Andris Piebalgs and AU Infrastructure Commissioner Dr Elham Ibrahim and other leading personalities. I very much hope you will find these articles both stimulating and informative

Thank you

Gary Quince

Chef de la Délégation de l'Union Européenne auprès de l'Union Africaine

DOSSIER INFRASTRUCTURE

INFRASTRUCTURE FOLDER

Interview with...

Dr. Elham Ibrahim

Commissioner, Infrastructure and Energy of the AUC

Link: The African Union Summit of July 2012 focusses on Intra African Trade. What are the current challenges of infrastructure developments in Africa in this context?

Infrastructure plays a key role in economic growth and poverty reduction. Conversely, the lack of infrastructure affects productivity and raises production and transaction costs, which hinders growth by reducing the competitiveness of businesses and the ability of governments to pursue economic and social development policies.

The lack of infrastructure in Africa is widely recognized. Deficits of infrastructure have a clear impact on African competitiveness: many of the African countries, particularly those south of the Sahara, are among the least competitive in the world, and infrastructure appears to be one of the most important factors holding them back.

Because Africa's economic geography is particularly challenging, regional integration is the best, perhaps the only, way for Africa to realize its growth potential, participate effectively in the global economy, and share the benefits of globalization.
The process of economic integration gained traction with the 1991 Abuja Treaty that established the African Economic Community. Its article 28 included the strengthening of existing / creating where they do not exist, the Regional Economic Communities (RECs) as the building blocks of African integration with continental integration and the African Economic Community to be achieved by 2028.

The Programme for Infrastructure Development in Africa (PIDA), a programme dedicated to facilitating continental integration in Africa through improved regional infrastructure is designed to support implementation of the African Union Abuja Treaty and the creation of the African Economic Community.

PIDA provides a common framework for African stakeholders to build the infrastructure necessary for more integrated transport, energy, ICT and trans-boundary water networks to boost trade, spark growth and create jobs. Implementing PIDA will transform the way business is done and help deliver a well-connected and prosperous Africa.

The essential benefit of regional infrastructure is to make possible the formation of large, competitive markets in place of the present collection of small, isolated, and inefficient ones. Shared regional infrastructure is the only solution to problems of small scale and adverse location. An important benefit of regional infrastructure is its effect on trade within Africa. As regional integration improves the competitiveness of African producers and brings millions more consumers within their reach, Africa will see a swelling of intra- and inter-regional trade as a share of all trade. Regional infrastructure also exploits and advances synergies among sectors.

The main challenge of infrastructure development in general is the pitfalls encountered in implementing regional infrastructure policies to date, as well as by the mixed experience of infrastructure and regional projects under preparation and implementation.

Although Africa's framework of continental and regional policies is fundamentally sound, those policies have not been thoroughly and consistently written into national legislation, even after treaties are signed and ratified. Where regional and continental infrastructure policies do appear in national legislation, too often they are not enforced.

We are still missing consistent national policies, regulations, and norms among countries that share regional infrastructure. The lack of harmonization of laws, standards, and regulations complicates the processes of planning and financing vital regional projects while impeding cross-border economic activity.

The second group of challenges is related to the project preparation funding which truly marks the interest of African political Authorities to put this Programne at a priority level. If projects are not prepared to a bankable stage, mobilizing partners will be seriously hampered. Obviously, Heads of State and Government of the African Union, upon adoption of PIDA, clearly emphasized this aspect of strengthening the existing facility for NEPAD infrastructure projects preparation, housed within the African Development Bank.

The third group of challenge is related to difficulties in the physical implementation of regional projects namely the lack of appropriate coordination, alignment and financial problems.

Lack of alignment with national and regional priorities is a primary failure factor, as good ideas become orphan projects. For example, segments of the Trans-African Highways (TAH) that correspond to the priorities of the country involved have been built, but segments that do not fit country priorities have stagnated.

Raising finance and reaching financial closure are complicated for regional projects (even those undertaken in the public sector with grant financing) because of the number of actors involved. Implementation of infrastructure is always complex-the more so in the case of regional projects with many stakeholders.

Experienced developers in the private and public sectors have implemented successful regional projects. However, even with a competent developer regional projects encounter delays. One major cause is the time needed to establish a responsive and comprehensive contractual framework-whether or not the private sector is involved.

Link: How do you see the potential of the Programme for Infrastructure Development in Africa (PIDA) in order to meet these challenges?

PIDA provides new analysis and insights to bring together, under one coherent programme, existing or previous continental infrastructure initiatives such as the NEPAD Short Term Action Plan, the NEPAD Medium to Long Term Strategic Framework, the AU Infrastructure Master Plans and the African water vision. It fills in gaps and, based on previous lessons, assigns appropriate weight to the value of local ownership, the necessity of both hard and soft interventions, the need for diverse financing and the importance of sound implementation strategies. Underpinned by an extensive consultation and analytical process, PIDA provides an agenda of achievable and affordable priority projects aligned with Africa's long-term goals. Simply put, PIDA is different from previous regional infrastructure integration initiatives because it is designed to bring about effective investments.

PIDA draws on lessons from regions such as Asia, Europe and South America. Its method of establishing priorities for such a large-scale and complex programme relied on an in-depth research and diagnostic review-and on a detailed analysis of needs and gaps in the short, medium and long terms, distinguishing PIDA from what's been tried before.

To meet physical implementation of regional projects alignment with regional/national priorities

PIDA is organized for the short and medium term (through 2020 and 2030) with a long-term view to meet demand through 2040. Given Africa's urgent infrastructure needs, the projects and programme list for short term implementation is included in the Priority Action Plan (PAP) of PIDA. Although the entire programme can be considered the pipeline for Africa's long-term regional infrastructure development, the PAP details the immediate way forward by presenting actionable projects and programmes that promote sound regional integration between 2012 and 2020.

Most important, the PAP represents what makes PIDA unique. The priority project list is the result not only of intense analytical work but also of a thorough extensive consultation process from the outset with the Regional Economic Communities (RECs), the power pools, the lake and river basin organizations, specialized agencies, sector ministers and other relevant development stakeholders. In addition, sector Ministers have been consulted for approval. Projects were prioritized based on three

(from left to right): Ms. Francesca MOSCA, Director of EUROPAID Sub-Saharan Africa and ACP, Ambassador Gary QUINCE, Head of EU Delegation to the African Union; . Dr Elham IBRAHIM, Commissioner, Infrastructure and Energy at the African Union Commission

criteria categories: (1) eligibility and regional integration, (2) feasibility and readiness and (3) development impacts. These detailed criteria were discussed and agreed as part of the extensive PIDA consultation process with stakeholders.

To meet the financial challenge, PIDA will rely on strong and committed national leadership to meet the expected financing gap. According to study estimates, financing expected from domestic sources (public or private) may represent over 50% of total PIDA funding as soon as 2020. Official Development Assistance (ODA) will continue to play an important role, and major actors such as members of the Infrastructure Consortium for Africa (ICA)-which includes G20 countries, the EU-Africa Infrastructure Trust Fund, multilaterals, regional development banks and targeted funds, among other contributors-are called on to continue to increase assistance through 2040. But these ODA resources will not be enough, and they should not be relied on solely for a coherent financing strategy.

Countries will have to mobilize their own public and private domestic resources and attract foreign private investment. To attract private investment there is a need for countries to ensure a competitive market based on clear legislation with enforcement of commercial law and transparency in procurement. Also needed are more competitive markets and banking systems, an enabling legislation and regulations to attract public-private partnership (PPP). In addition to bringing in more private sector funds, Africa's leaders must also embrace new and innovative sources of financing, critical to PIDA's success. This includes infrastructure bonds, loan guarantees, etc.

To overcome project preparation, implementation coordination and monitoring challenge, Implementation will rely on all actors at all levels of the African development process taking coordinated action-AUC and NPCA at the continental level, the RECs at the regional level and, at the national level, the individual countries on whose territory the projects will be constructed and whose populations should benefit from them.
The implementation process is grounded in the Institutional Architecture for Infrastructure Development in Africa (IAIDA) whose general aim is to reinforce institutional capacities and to create conducive environment for resource mobilization.

Link: How do you see the Africa-EU partnership in Infrastructure would support this activities of PIDA and AUC infrastructure programmes in general?

The Africa - EU Partnership for Infrastructure is a model of cooperation. In that regard, it is to be recalled that the EU was not only a major contributor to PIDA funding, but also a technical partner with an active participation of its experts in all meetings and workshops on PIDA elaboration adoption. In addition, the 2007 Port Moresby Agreement provided a special opportunity to support the advancement of Africa's infrastructure agenda. Seven studies in the transport and energy sectors have enabled the preparation of the respective projects that have now been included in the Priority Action Plan (PAP) of PIDA. Furthermore, other initiatives in the sub-sector of renewable energies have been undertaken jointly with EU such as hydropower and geothermal energy.

PIDA provides African Stakeholders with a common framework for building infrastructure. PIDA and notably its PAP is therefore the reference strategic document that will be put forward when dealing with partners on infrastructure development.

From aforesaid, the 4th meeting of the Steering Committee of Africa - EU Partnership for Infrastructure held in Addis Ababa, Ethiopia March 2012, considered the PIDA PAP and decided to take action for its implementation. For the period 2012-2015, these actions include:

- Support to operationalisation of Institutional Archi tecture for Infrastructure Development in Africa (IAIDA) for PIDA implementation and capacity building;
- Funding of regional infrastructure projects by EU-Africa Infrastructure Trust Fund with specific emphasis on project pipeline preparation and support for implementation of other mature projects ("quick starts and early wins") under PAP.

Andris Piebalgs

European Commissioner for Development

Link: What are your views of Africa - EU Partnership in Infrastructure contributing in light of promoting Economic Integration of Africa?

The Partnership is the European contribution to promoting regional economic integration by bridging Africa's infrastructure gap.

Thanks to this innovative partnership and our close collaboration with the African Union we are able to better coordinate our efforts in Africa and to ensure that investments to develop infrastructure and reduce poverty are well designed and achieve good results. Actually we see that in order to alleviate widespread poverty and accelerate progress in Africa, regional integration is critical, as many economies and markets in Africa are small and isolated and in some cases landlocked. Weak infrastructure networks in energy or transport increase production and transaction costs, undermining the competitiveness of businesses. It is only by creating links between the markets that growth can be unlocked through investment opportunities and economies of scale.

In my latest policy proposal "An Agenda for Change" I stressed the need to stimulate sustainable and inclusive growth in order to speed up the alleviation of poverty. Infrastructure plays a substantial role in Africa's recent growth but further investment is crucial. Therefore the EU will continue supporting crucial infrastructure projects in Africa which will benefit the people first.
We have already good policy instruments in place. The most innovative one is certainly the EU-Africa Infrastructure Trust Fund (ITF) which was set up to strengthen inter-connectivity across the continent and its different regions. The ITF allows us to better connect trans-boundary, regional and national infrastructure; including transport networks, water and energy infrastructure; as well as information and communications technology (ICT) networks.

The ITF opens doors to the innovative sources of financing, by, for instance, blending grants with long-term loans. ITF leverages the impact of funding thereby facilitating the implementation of infrastructure projects that could not otherwise be funded.
Since its inception in late 2007, the Trust Fund has committed almost €300 million in grants, which has the potential to generate up to 12 times more in total investments, i.e. close to €4 billion.

The Partnership also tackles the service delivery issues that are essential for removing obstacles to regional trade and making transport more efficient by reducing the delays at the borders. In concrete terms, this means providing relevant IT and electronic customs management systems, harmonizing trade legislations between countries or improving customs procedures, to name a few examples.

Link: Coming from an energy working background; what is the Africa – EU partnership in Infrastructure contributing to help Africa use its untapped energy potential – particularly renewable energy?

Energy is crucial for development. Without access to energy many aspects of daily life are hindered, as you cannot use the light to study or to cook; the hospitals and schools can't function properly. In the Agenda for Change energy features prominently and it will continue to top EU development policy agenda.

In fact, the EU is an active participant in the UN Sustainable Energy for All initiative which aims to provide universal access to electricity by 2030. In specific terms the Commission's goal is to help developing countries to provide access to sustainable energy services to 500 million people by 2030, with support focused mainly, but not entirely, on Sub-Saharan Africa, where the needs are greatest.

And we put our money where our mouth is. During the latest conference on Sustainable Development in Rio, we proposed to mobilise 400 million Euro over the next two years to support concrete new investments in the energy area.

However, the Partnership is a very useful tool which promotes the integration of energy markets in Africa through actions at regional and continental level: strengthening of institutional coordination structures and capacity building with African donors, support to the Programme for Infrastructure Development in Africa (PIDA) and improving regional connectivity and basic access to infrastructure services.

The Africa-EU Infrastructure Trust Fund helps Africa to use its untapped renewable energy potential; mainly through hydropower schemes.

The Caprivi Interconnector project is a good example of the EU Africa Infrastructure Trust fund at work. Under the project, a 300 megawatt high-voltage, direct-current transmission connection stretching for 950 kilometres has been constructed; boosting electricity transmission between Zambia, Namibia and South Africa and delivering reliable and cheaper access to electricity, which is crucial to development in Southern Africa.

Under the Energy Partnership, the EU and Africa have agreed on targets for expanding the use of renewable energy in Africa by 2020 and developed a joint Renewable Energy Cooperation Programme aimed at meeting such targets.

Link: What more could African and European institutions do to elevate the Infrastructure deficit existing in Africa?

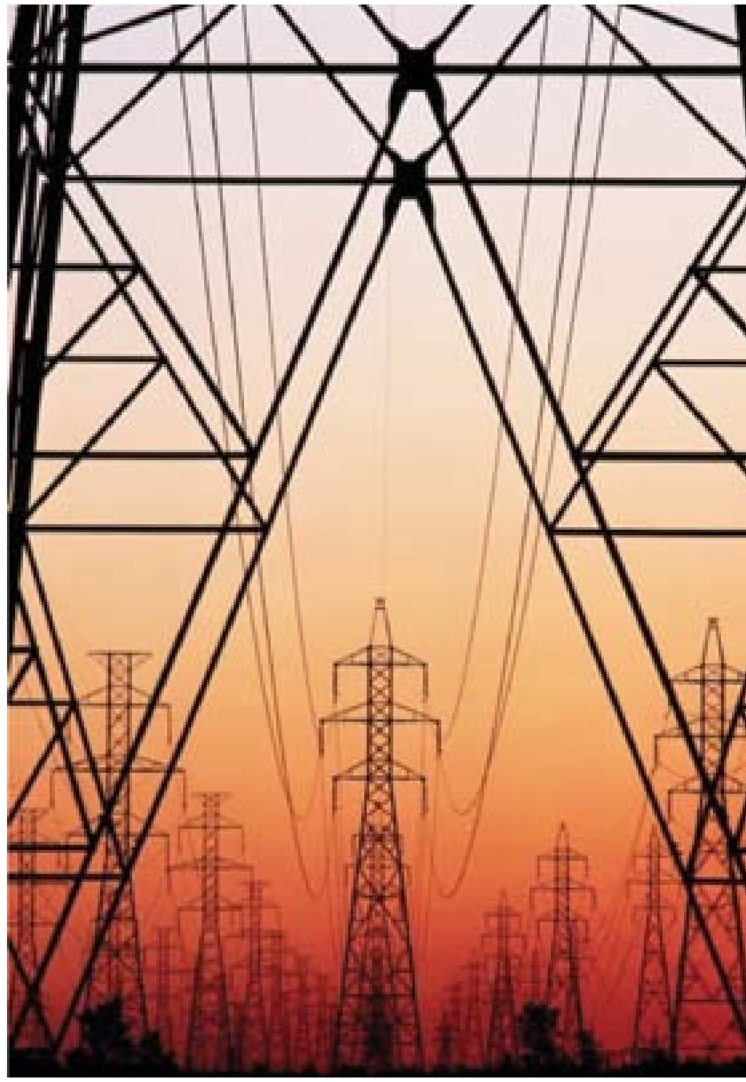
The provision of infrastructure contributes to boosting economic growth and quality of life, reducing poverty and increasing sustainable development. In Africa, a lack of adequate infrastructure results in loss of potential economic growth, especially in low income countries (LICs) where the role of infrastructure is even more critical in addressing the needs of the poorest.

The estimate infrastructure investment need in Africa is $93 billion per year. The infrastructure financing gap in Africa has been assessed to be $50 billion per year; of which about 50% is due to inefficiency in policy making, planning and management of the infrastructure sector. Total contribution to infrastructure financing by donors amounts to $7.9 billion per year (of which $4.2 billion from non OECD donors).

These figures show two important elements:
Reforms such as providing a predictable legal framework for investors, improved judiciary or banking systems, are crucial for any economic investment to produce the expected results, and should be therefore pre-conditions for physical infrastructure financing. Without the implementation of the needed policy reforms, investments are not economically justifiable.

Private domestic and foreign investment is crucial to meeting the financing gap. Therefore, there is a need to get the right trading standards in place to attract private sector investors in Africa. This implies high standards of public and corporate governance, as well as transparency. To address the two challenges above, the European Commission is ready to mobilise financial resources, technical expertise and competence to support Africa in the following areas: Preparation of country and regional diagnostic studies, development plans and bankable projects; Improvement of sector policies and strategies, programming and planning exercises, operational and maintenance systems, monitoring and evaluation frameworks; Capacity building for improving legal, regulatory and institutional systems, e.g. to improve transparency in the Government procurement system, the rule of law, flow of payments, and cheap access to bank guarantees and other banking facilities; and Improvement of public finance management.

Regarding infrastructure financing, the Commission will explore innovative financing methods in coordination with the Multilateral Development Banks, trying to promote the participation of the private sector by increasing the use of blending of grants and loans for infrastructure with good economic return. Grants could be still ensured for social infrastructure or for countries in fragile situations.



EU-Africa Infrastructure Trust Fund (ITF)

OVERVIEW OF THE ITF

The Trust Fund is a component of a grant-loan blending mechanism, created as an instrument of the wider EU-Africa Infrastructure Partnership. Its objective is to foster regional integration in Africa, which is key for the economic development of the African continent. The Trust Fund aim is to leverage aid finance from EU donors by blending it with long-term financing from financial institutions, thereby increasing the impact of the EU development policy.

The **sectors** covered by the Trust Fund are energy, water, transport and communications/telecoms. Financial support can be provided in four different forms: (i) interest rates subsidies; (ii) technical assistance; (iii) direct grants; (iv) insurance premia (as a risk mitigation mechanism)

Eligible criteria include: (i) African ownership, (ii) regional impact (hence, purely national projects are not eligible – at least at this stage) and (iii) all the profitability and sustainability standards of the EU development banks (economic, social, environmental, financial, etc...)

The **Governance structure** and the institutional architecture of the Trust Fund include:

1. A **Steering Committee** at the level of the EU-Africa Infrastructure Partnership, to provide guidance on strategy;
2. An Executive Committee of Donors , which is the governing body of the Trust Fund, making decisions, notably on the allocation of grants;
3. A Project Financiers Group (PFG) , an informal group of financial institutions, identifying and processing blended projects; very important: only members of the PFG can request and access funding from the Trust Fund;
4. A Trust Fund Manager, i.e. the European Investment Bank (EIB), which is responsible for the financial management of the Trust Fund (accounting, treasury)
5. A Secretariat, assisting the Executive Committee, and hosted at EIB

The Chairpersons of the 4th meeting of the Partnership Steering Committee (from left to right): Ambassador Gary QUINCE, Head of EU Delegation to the African Union; H.E. Dr Elham IBRAHIM, Commissioner, Infrastructure and Energy at the African Union Commission; and Aboubakari BABA MOUSSA, Director of Infrastructure and Energy at the African Union Commission.

Procedures

For grant submission:

- Any entity can make informal proposals, which must subsequently be channeled to a financial institution that is a member of the PFG
- Only members of the PFG can formalize a grant proposal and submit it for approval in accordance with a formal Operating Methodology (which includes procedures, templates for application and financial calculations, etc.)

For approval: there are three levels of assessment:

1. Preliminary assessment by a Lead Financier (any member of the PFG)
2. Collective assessment and recommendation by the PFG as a whole, for submission of the proposal to the Executive Committee
3. Discussion in, and approval by, the Executive Committee (the Committee makes a decision on the grant, not on the long-term financing, which is the responsibility of the Financiers).

For procurement: the procurement of goods and services financed by the Trust Fund is the result of open bidding processes based on the internal procedures of the Lead Financier

PROGRESS OF THE TRUST FUND TO DATE

Since its inception in mid-2007, the Trust Fund has progressed in all areas:

- The Donors membership and contributions rose from 10 to 13, and from EUR 87m to EUR 393m respectively
- The PFG membership increased from 5 financial institutions to 12, and more Financiers are actively involved in generating projects with more complex "blending" proposals

Operational results

(I) OVERALL RESULTS

	2007	2008	2009	2010	2011	2012 as at 30.6.12	Cumulative
Approved Grant Operations	15,485,000	47,800,000	33,035,000	112,548,000	86,150,000	27,866,000	322,884,000
Of which IRS	9,335,000	44,000,000	18,850,000	79,823,000	35,774,000	18,126,000	205,908,000
Of Which TA	6,150,000	3,800,000	14,185,000	28,725,000	20,376,000	6,740,000	79,976,000
Of which DG				4,000,000	30,000,000	3,000,000	37,000,000
Number of Grant approvals	4	4	11	19	19	8	65
Cleared in principle (CIP)	21,600,000	12,250,000	25,000,000	10,200,000	32,050,000	45,470,000	45,470,000

The cumulative total for CIPs does not include the CIPs which have been converted into approvals

(II) LEVERAGE

The calculation of the financial leverage is based on grant operations approved for projects in their investment phase only.

	Cumulative
ITF Grant	243,598,000
PFG Financing	1,700,538,880
Other financing	1,465,050,120
Estimated TPC (eXcl. Grant)	3,165,589,000
Leverage Effect	13.0
PFG leverage	7.0

(III) BREAKDOWN BY REGIONS

	Grant amount	#	%
African Continent	10,100,000	3	3%
Central Africa	16,800,000	4	5%
West Africa & Sahel	58,675,000	22	18%
Southern Africa	104,679,000	18	32%
East Africa	132,630,00	18	41%
Total	322,884,000	65	100%

Highlights On Projects Supported By The Trust Fund

The Financiers of the Trust Fund strive to work closely with the European Commission and the EU Delegations, with a view to optimizing EU coordination and complementarity as well as continuity in project financing. Several projects, such as the Ruzizi III hydropower plant (total investment plan of EUR 400 m) and the Great East Road (rehabilitation of a 360 km road part of the Nacala Corridor) benefitted from such coordinated co-financing.

The Trust Fund also collaborates closely with African entities: out of the EUR 322 m grant operations approved to date, EUR 195 m (or 60% of the total) were allocated to projects included in the Priority Action Plan (PAP) of the Program for Infrastructure Development in Africa (PIDA), thereby demonstrating the strong African ownership of the projects supported by the Trust Fund.

Grants from the Trust Fund make bankable projects, which could not otherwise be financed. By sharing risks with the Trust Fund, Financiers are able to develop initiatives with a high level of start-up costs and risk of failure. This is the case for example of the Geothermal Risk Mitigation Facility for Eastern Africa, where the Trust Fund provided EUR 30 m for a joint undertaking by KfW as the lead financier and the African Union Commission to develop geothermal resources in East Africa, thereby contributing to secure reliable, climate-resilient and sustainable energy.

The impact of the Trust Fund can be quickly tangible to the population as when it is instrumental in bringing high-speed broadband fiber optic sub-marine cable to Mauritania and the Seychelles, and connecting those countries, their people, and their businesses directly to the rest of the world.

This picture shows the winding up of a submarine cable on the boat before transporting it to the place where it is laid on the ocean ground

What is the NIF?

Officially launched in May 2008, the Neighbourhood Investment Facility (NIF) is an innovative financial instrument of the European Neighbourhood Policy (ENP), whose primary objective is to finance with a mix of grants and loans key infrastructure projects in the transport, energy, social and environment sectors, as well as to support private sector development (in particular SMEs) in the Neighbourhood Region.

GEOGRAPHICAL SCOPE

Projects receiving a grant contribution from the NIF must be located in an ENP partner country that has signed an Action Plan with the EU. However, on a case-by-case basis, taking into account regional or specific circumstances, other countries may also benefit from NIF interventions.

SECTOR PRIORITIES

Projects:

- Establishing better energy and transport infrastructure interconnections between the EU and neighbouring countries and among neighbouring countries themselves.
- Addressing threats to the environment, including climate change.
- Promoting equitable socioeconomic development and job creation through support for small and medium-sized enterprises and the social sector.

NIF 1 NIF at a glance

at 31/12/2011

NIF resources allocated to approved projects

>€417.7 million

EAST: €191.63 million, SOUTH: €226.1 million

EFIs resources leveraged

>€6.3 billion

EAST: > €3 billion, SOUTH: > €3.3 billion

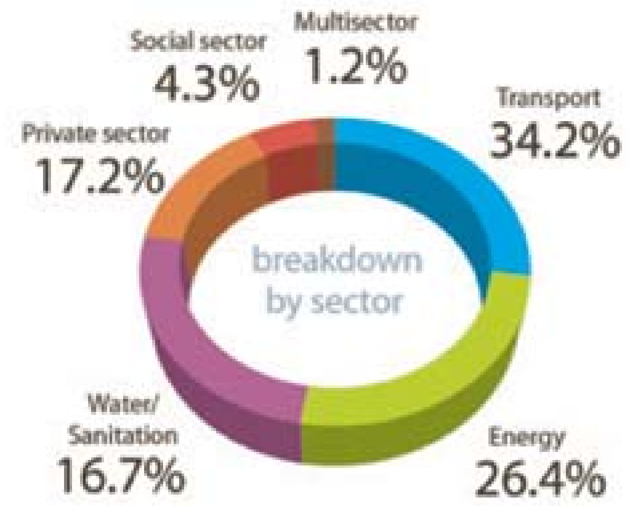
52 projects supported with a total project value of

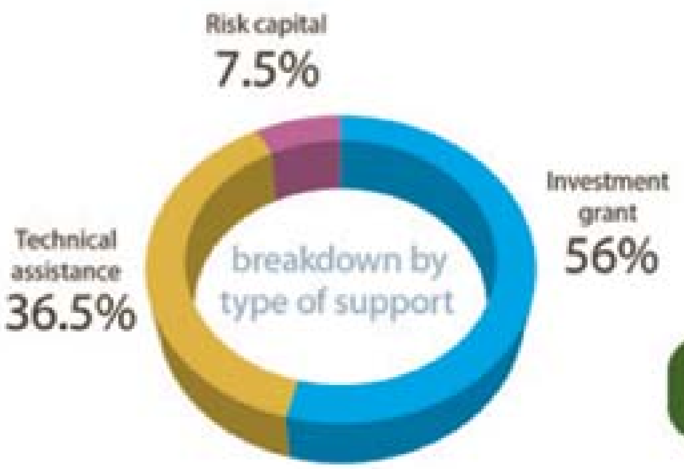
>€14 billion

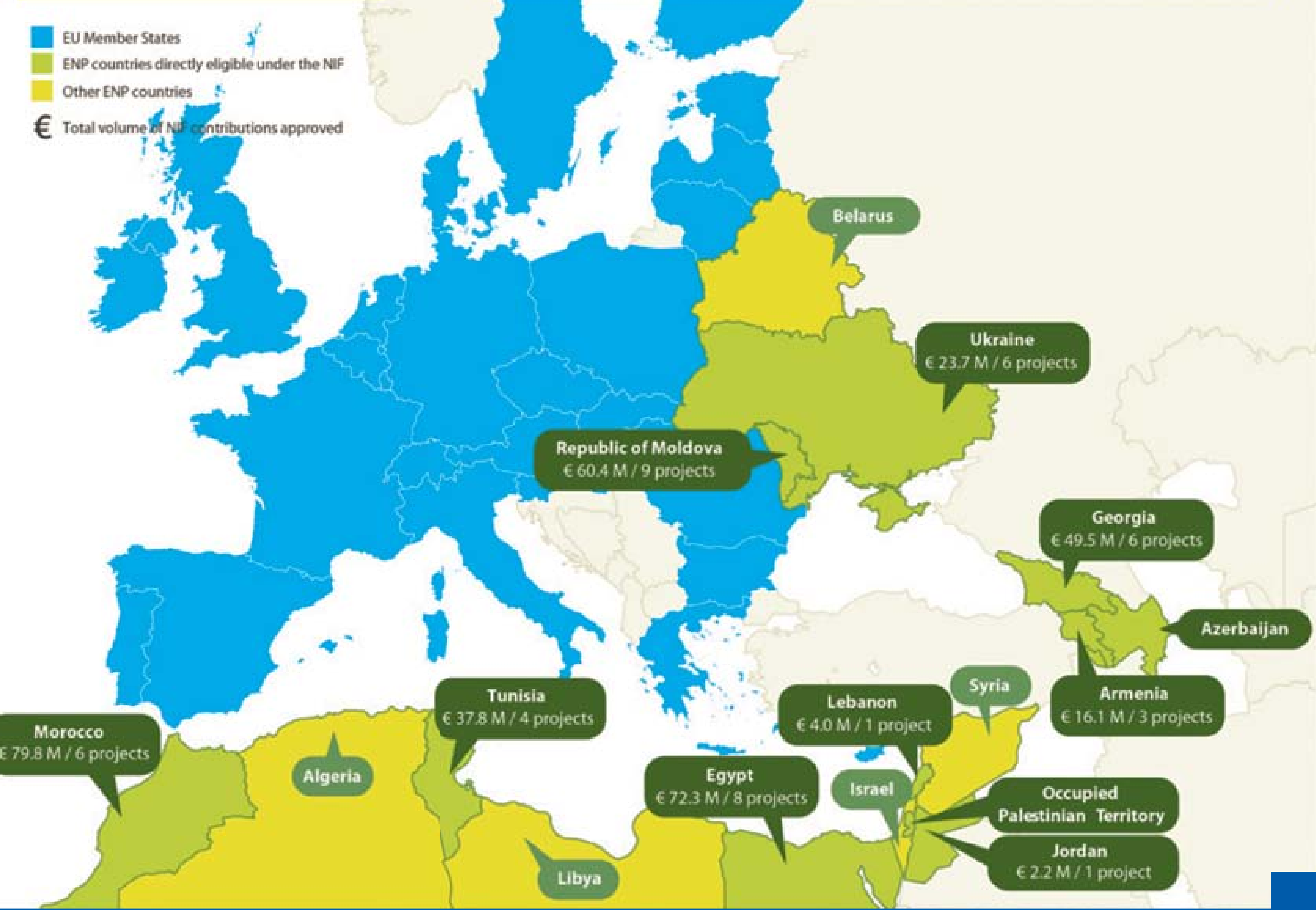
EAST: 29 projects worth > € 4.74 billion - SOUTH: 23 projects worth > €9.38 billion

NIF Portfolio

% of total NIF contributions







The NIF, a catalyst for solar energy in Morocco

Mustapha Bakkoury

Chairman of the Board of the Moroccan Agency for Solar Energy (MASEN) - MOROCCO

One of the cornerstones of the energy and sustainable development policy in Morocco is the Moroccan Solar Plan, which aims to take the country's solar power production capacity to at least 2,000 MW by 2020. This will primarily be for the local market, but it may be expanded with the development of fresh capacity for exporting green electricity to Europe via the connection between Morocco and Spain.

The scheme will be implemented by MASEN (the Moroccan Agency for Solar Energy), a publicly-owned company limited by shares which was created by law especially for this purpose.

Ouarzazate was the first site chosen by Morocco for the development of a solar power complex. It will have a total capacity of 500 MW and there will be a number of stages in the construction process, which should be completed by 2015.

The funding for the project as a whole will be boosted by the NIF €30 million contribution towards the first stage of the Ouarzazate complex, which involves the construction of a thermal solar power station with cylindrical parabolic solar collectors that will have a capacity of 125 MW to 160 MW.

I believe that this financial support from the NIF is more than just an opportunity for us to catalyse and bring together four sources of European funding (the EU, the AFD, KfW and the EIB). In addition, and most importantly, it provides backing for the Moroccan Solar Plan and the solar energy industry as a whole, which is going through a transitional phase on the road to becoming competitive – something that can only be achieved with a concerted effort from all of the stakeholders. Given the singular nature of the set-up and the capacity of the plant, I am certain that we will learn things from this partnership that will be to the benefit of the industrial and institutional players involved and lead to continual improvements in terms of performance and cost optimisation.

By turning to account the potential of solar energy, the project will lead to a reduction in Morocco's dependence on imported energy, help protect the environment and fight climate change by cutting greenhouse gas emissions, and finally – in a key feature of the project as a whole – lead to the creation of jobs in Morocco in a rapidly growing sector, while having a positive effect on the local economy in the area around the complex.

I believe that the cooperation between Morocco and the EU in the energy field is perfectly in keeping with the national and international outlook right now: renewable energy, and solar energy in particular, is a top priority. This partnership will strengthen the economic and energy ties between Morocco and the EU.

Interview with...

Mr. Aboubakari BABA MOUSSA

Director of Infrastructure and Energy at the African Union Commission.

"We are targeting how we can interconnect Africa, how to fill the gap for facilitating African trade through a continental trans-Africa infrastructure. It is not a new challenge but we want to compliment national and regional infrastructure projects. We are looking for, not just innovations, because our needs does not necessarily require innovative ideas but commitments" says Aboubakari Baba Moussa, Director of Infrastructure & Energy at the AUC.

Link: What is the potential of PIDA to alleviate the infrastructure gaps in Africa?

First, it is important to know what the level of the gap is. In general it is huge. In African access to energy is less than 30% - only taking the entire African average- say Sub-Saharan Africa's access to energy remains less than 15%. Transport: specially cost of transport. Africa is a continent with the highest cost of transport. We can hardly find two African capitals connected by road; and train is a rare incident. In Telecommunication - even though mobile usage rate is growing and Africa is taking advantage of the technology - countries do not have more than one access point, such as to fiber cables and the connectivity is not safe. Water resources in Africa are not exploited and are not kept well despite its huge potential.

PIDA is established to assist alleviate all the gaps and more mentioned above.

PIDA has derived short-term, medium-term and long term goals to be achieved by 2020, 2030, and 2040 respectively. In this regard PIDA's Priority Action Plan has identified 51 projects in the four key sectors throughout Africa to be achieved during its short term goal for 2020 at a cost of close to $ 68 billion - assuming there is a 6% GDP growth across the continent.

If we look into the sectors closely, PIDA aims to increase Energy by 40% from the current status of 125GGW to 700 GGW and Power grid interconnection up to 60,500 KM.

African transport highway corridors such as Cairo to Cape Town and Dakar to Djibouti key priority projects that could add 37,300 KM. For Railway, PIDA is targeting 1,200KM and to increase port handling capacity to 1.3 billion tonnes.

Link: What do you think PIDA brought to the table which was not in previous infrastructure initiatives - especially in light of Private Public Partnership?

The resources we are looking for PIDA is huge and the public sector alone can not provide these resources. This is why our new approach tries to set up a kind of African business investment which will attract local or domestic private sectors. The public sector could not provide more than 50-60% of infrastructure resources due to social and other responsibilities. More emphasis is given to energy in PIDA short term plan than ICT & Transport - and I think the private sector have a key role to play in mobilizing African domestic resources as well as external and international partners.

Link: Were there any endorsements or recognition of PIDA during the 19th AU summit? If there was one what are the impacts?

As you know all the strategies of PIDA until 2040 was endorsed by AU Summit in January 2012. This year the focus was how to fast track the implementation of key projects. The summit also discussed how to finance key projects and reviewing the preparations made by PIDA. Most of PIDA preparation activities were supported by International partners and we have been preparing a strategy to mobilize our domestic resources – from both public and private.

If you take an example of public resources Africa has a lot of raw materials which are not directly contributing to infrastructure development. For each barrel of oil sold we don't know how much is contributed to infrastructure development - we have a plan to introduce this. Africa has Gold, Coffee, Minerals and more but we should work how much these items can contribute to financing infrastructural development. In recent NEPAD high level meeting this strategy in principle was accepted.

Link: What do you think strategic partners such as the European Union could do for the successful implementation of PIDA?

As you know we have a specific partnership with European Union in what we call EU- Africa Partnership in Infrastructure and Energy. And the European Union can support in different levels; first, in the technical aspect of implementation of this programme. Since EU has very big experience in infrastructure development we have developed a coordinating model between EU and AU. Second we need to share experience on follow up and evaluation of the programme. Third, Financial - the preparation activities of PIDA was made possible with the strong contribution of EU and we are thankful. Now we are moving to the implementation stages and we have the EU- Africa Infrastructure Trust Fund which is a very good initiative and some of the key projects are already in the pipeline.

Finally Political support - this kind of projects need a lot of partners and we are working with EU to promote the project at the European Institutions level, World Bank and G8/20 platforms.

We can also mention specific projects supported by European Union such as railway project in West Africa – the Abidjan – Wagadugou – Niame – Contonou railway project preparations, major bridge connection in Gambia, the Inga dam project are some of key examples of EU's support in infrastructure development in Africa.

PIDA needs public-private sectors to succeed

Dr Ibrahim Mayaki

Chief Executive Officer (NEPAD)

Infrastructure still remains a major constraint to modernising African countries and boosting business on the continent. Experts believe if African governments were to invest adequately in it, the Continent would experience unprecedented economic growth. It was for this reason that the African Union endorsed the Programme for Infrastructure Development in Africa (PIDA) to channel resources to deal with the deficit at the January 2012 summit of heads of state in Addis Ababa.

PIDA is a joint initiative by the AU, the NEPAD Agency and the Africa Development Bank (AfDB) to tackle the problem. Its main goal is to accelerate the delivery of regional and continental projects in transport, energy, trans-boundary waterways, and information and communications technology. An estimated $360 billion would be required to implement basic regional projects on the continent by 2040, Ralph Olaye, head of the NEPAD Division at the AfDB, said at a recent infrastructure conference in Johannesburg.

According to projections, PIDA hopes to develop a web of 37,200 kilometres of highways, 30,200 km of railways and 16,500 km of interconnected power lines by 2040. It also plans to add 54,150 megawatts of hydroelectric power and an extra 1.3 billion tons of capacity at the ports. The impact on Africa would be huge, helping to unleash its potentials in areas such as trade, agriculture and Information and Communication Technology (ICT) One of the areas that Africa could leapfrog in infrastructure is the ICT sector, said Lynette Chen, Chief Executive Officer of the NEPAD Business Foundation, a Johannesburg-based private-sector partner of the NEPAD Agency.

Also, the agricultural sector which provides employment for the majority of Africans stands to benefit from improved infrastructure as it relies heavily on the roads, ports and rails for adequate food production and distribution, she said. For example, only 30 per cent of African rural farmers had access to roads, according to statistics presented at the forum.

To achieve this objective, the private sector has a critical role to play, according to Adama Deen, head of the NEPAD Agency's Infrastructure Programmes and Projects. PIDA's success will depend on to what extent African leaders and the private sector are committed to its implementation.

"With support from the private sector, PIDA is expected to play a critical role" in addressing the continent's infrastructure problems, Mr Deen said.

While much of the responsibility for the provision of infrastructure lies with governments, the buy-in of the private business is pivotal because only businesses have the financial muscle to transform the public sector's dreams to reality.

About the Infrastructure Consortium for Africa

Launched at the G8 Gleneagles Summit in 2005, the role of the Infrastructure Consortium for Africa (ICA) is to help improve the lives and economic well-being of Africa's people through encouraging, supporting and promoting increased investment in infrastructure in Africa, from both public and private sources. Using its convening power, ICA acts as a catalyst – enhancing, accelerating and precipitating the development of Africa's infrastructure.

ICA also works to help remove some of the technical and policy challenges and barriers to building more infrastructure and to better co-ordinate the activities of its members and other significant sources of infrastructure finance, such as China, India and Arab partners.

ICA is not a financing agency but acts as a platform to catalyse donor and private sector financing of infrastructure projects and programmes in Africa.

ICA members include the G8 countries, the World Bank Group, the African Development Bank Group, the European Commission, the European Investment Bank and the Development Bank of Southern Africa.

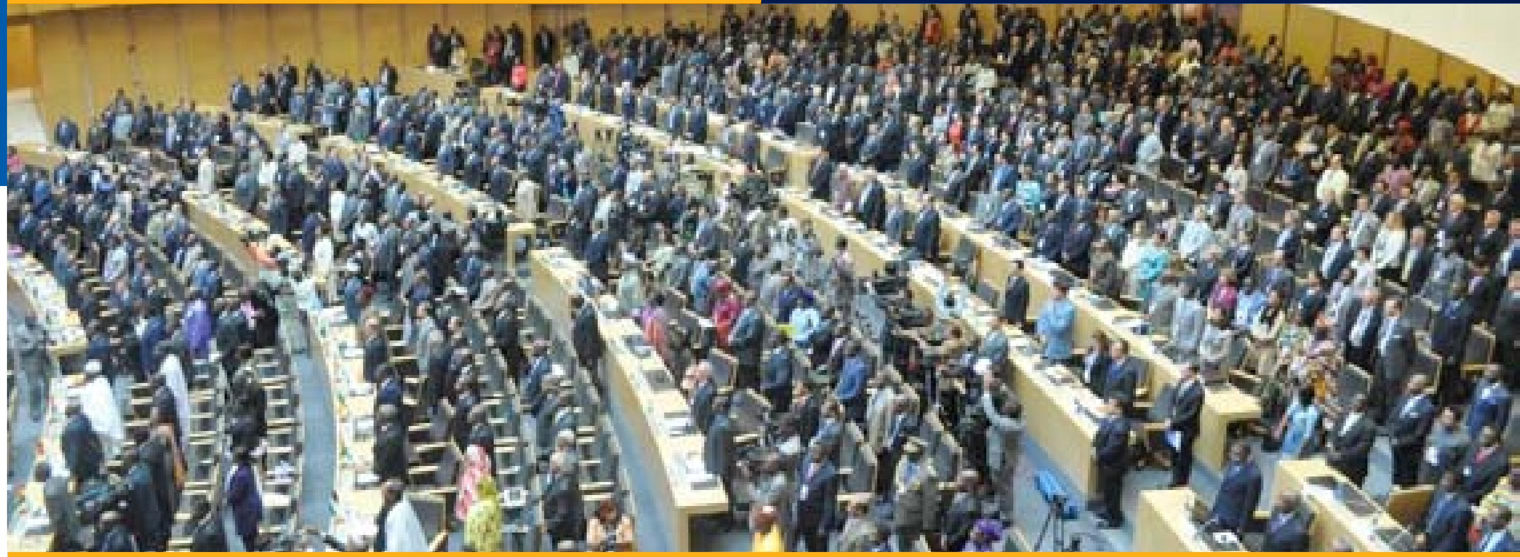
ICA is supported by a small secretariat that is hosted by the African Development Bank in Tunis, Tunisia. The secretariat is funded by voluntary contributions from ICA members and staffed by a combination of permanent staff from the African Development Bank, consultants and experts on secondment from ICA-member countries.

ICA Contributors

The Infrastructure Consortium for Africa is a tripartite relationship between bilateral donors, multilateral agencies and African institutions.

- ICA membership from the African side is led by the African Development Bank and Development Bank of Southern Africa, while the African Union (AU) Commission, NEPAD Secretariat and Regional Economic Communities participate as observers at ICA meetings.
- Multilateral agencies that are ICA members: the World Bank, International Finance Corporation (IFC), European Commission (EC) and European Investment Bank (EIB).
- All G8 countries are members of the ICA (Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States).
- In 2011, ICA members decided to enlarge membership to include all G20 countries.
  Other donors making significant financial contributions to infrastructure in Africa may become members of the ICA.

http://www.icafrica.org/en/



"EU welcomes the election of the first woman ever elected at the head of the African Union Commission"

European Union welcomed the election of the first female leader of the African Union elected during the 19th Ordinary Session of the AU Summit. During the Summit the European Union was represented by Mr. Nick Westcott, Managing Director for Africa in the European External Action Service (EEAS) and Ms. Francesca Mosca European Commission Director for Cooperation for Sub Saharan Africa & ACP

On the Congratulation message released by European Commission President Barroso on the election of Dr. Nkosazana Dlamini-Zuma as the first female Chairperson of the African Union Commission on July 17, 2012 said "I would like to congratulate Dr. Nkosazana Dlamini-Zuma for her election as the first female Chairperson of the African Union Commission.
In recent years, the Africa-EU Strategic Partnership, a partnership of equals, has grown ever stronger across a wide range of areas such as Peace and Security, Democracy and Human Rights, Trade and Infrastructure, Climate Change and Environment, and economic and social development across the board.
I look forward to further reinforcing our partnership with the African Union Commission under the leadership of Dr. Nkosazana Dlamini-Zuma.
I would also like to take this opportunity to warmly thank outgoing Chairperson, Dr Jean Ping, for his outstanding work in taking the AU forward over the past four years, and extend my best wishes to him for the future."
On the sidelines of the AU summit, Mr Nick Westcott met UN Deputy Secretary-General Jan Eliasson, Hailemariam Desalegn Deputy Prime Minster of Ethiopia and participated in the 4th Ordinary session of IGAD council of Ministers and the AU Executive council meeting.
Ms. Francesca Mosca in her meeting with AU Peace and Security Commissioner Ramtane Lamamra discussed the current security concerns of parts of Africa and the way Africa- EU partnership can support in resolving it.
Ms. Mosca also held a meeting with the Secretary General of the East African Community (EAC) and Chairman of the Inter-Regional Coordinating Committee (IRCC), Dr Richard Sezibera, on current cooperation programmers and future perspectives for EU – EAC and IRCC cooperation.

Bi – Annual Review Meeting: EU 55M Support Programme

A bi-annual review meeting on the € 55 million AU Support Programme (AUSP) was conducted on 20-21 June 2012 at African Union new conference centre Addis Ababa.

The retreat took place in the presence of AUC Deputy Chief of Staff Mr. Moussavou and Mr. Mandonsela, AUC Director for Strategic Planning., together with Mr. Gary Quince, Head of the EU Delegation to the African Union.

On his opening remarks Ambassador Quince said, "the objectives of the retreat are to review the results achieved in the 2011 exercise, the state of play of the 2012 work programme and future challenges".

Speaking on the occasion Pierre MOUSSAVOU Deputy Chief of Staff of the AU Commission said "I would like to thank the representatives of the EU Delegation, who have worked and continue to work tirelessly with the AU Commission for the effective implementation of this support programme and also for preparing this meeting. This meeting should assess progress made in implementing the Programme during the past year, to learn the continuous improvement of its implementation. I invite you, during your work to speak frankly, freely and without taboo, in mutual respect on the key issues and make concrete proposals and recommendations for improving the implementation of the programme."

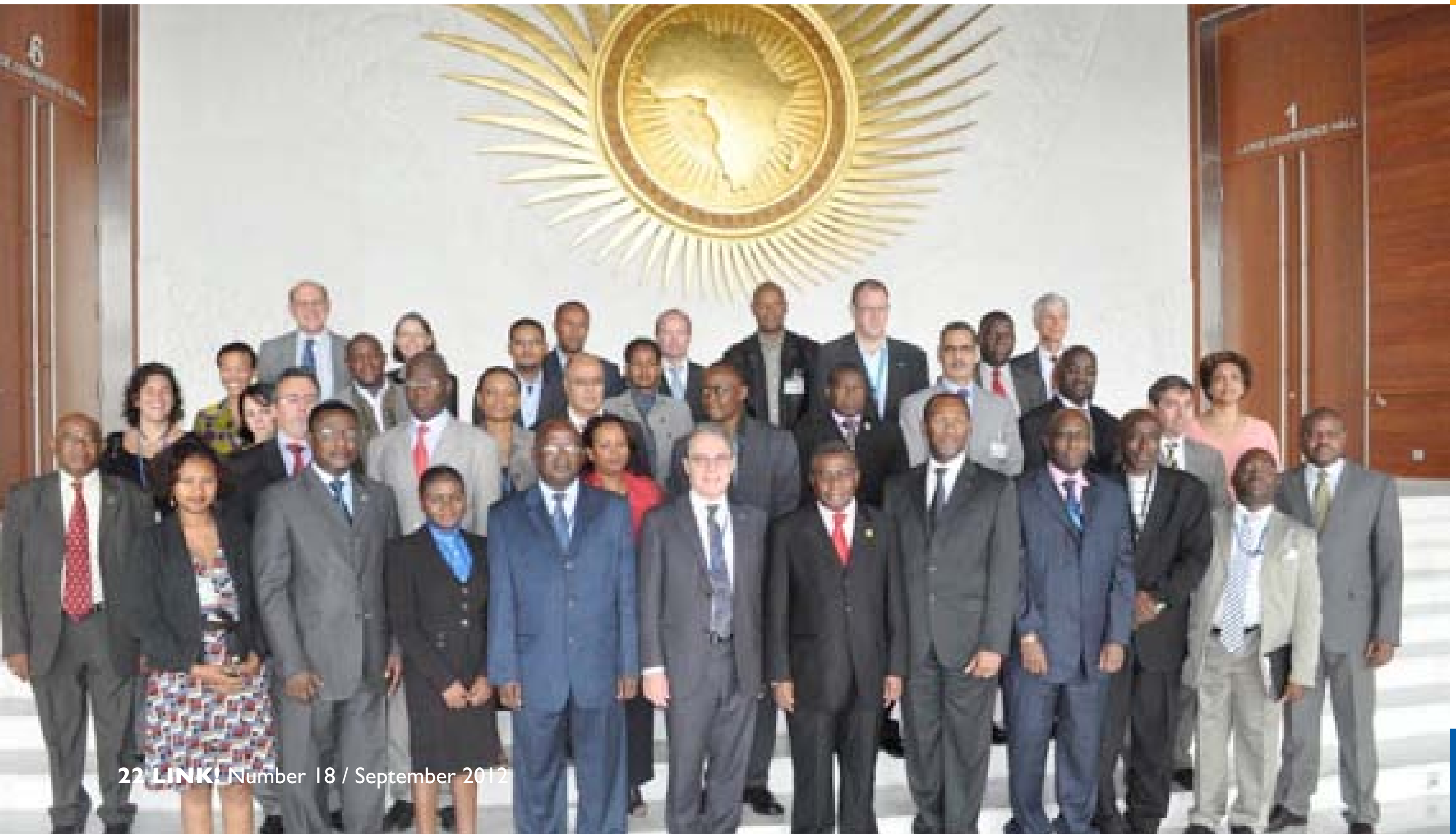
Ambassador Quince recognised the achievements that the African Union has made on the political and economic fronts, particularly being a driving force for Africa's economic integration, Continental Free Trade Area and Infrastructure Development.

The meeting also brought the opportunity to discuss challenges in implementing the AUSP. Clarifying the aim of the ongoing AUC Institutional Assessment, Ambassador Quince said "the ultimate aim of the Institutional Assessment is a to allow the European Union to decide on the implementing modality of its aid with third parties. A positive outcome will allow the use of fully fledged contribution agreements as is the case with other African regional integration organizations such as COMESA and SADC. It will allow the full alignment with African Union rules and regulations including the acceptance of its external audits.

At the same time, many projects still remain off-budget and we believe it is essential that they are included in the budget. More EU support is currently off budget than on budget, while I believe the budget needs to reflect all of our contributions and priorities too."

Speaking on the occasion Mr. Mandonsela, AUC Director for Strategic Planning noted the African Union Commission would like to involve partners such as the European Union not only on the strategic planning sessions but also in the periodical reviews for better implementation of projects programmes.

The one and half day meeting was also attended by AUC and EU Delegation staff, representatives of EU Member States and International Agencies.



Joint meeting between EU Political and Security Committee and the African Union Peace and Security Council

5th joint consultative meeting between the EU PSC and the AU PSC

The African Union Peace and Security Council and the European Union Political and Security Committee led their fifth consultative meeting in Brussels on 29 May to discuss issues of common concern.

After the PSC meeting the AU PSC representatives were given a presentation by the European Commission's Development directorate about the African Peace Facility. They also met EU representatives covering the areas of crisis management, civil-military planning, military staff, intelligence analysis and counter-terrorism.

In the margin of the AU PSC's visit to Brussels, the African Union Commissioner for Peace and Security, Ramtane Lamamra, met with Andris Piebalgs, European Commissioner for Development, Pierre Vimont and Nicholas Westcott, respectively Secretary-General and Managing Director for Africa of the European External Action Service as well as with the Foreign Affairs Committee of the European Parliament.
On 30 May, Mr. El-Ghassim Wane, AU Director for Peace & Security met with General Syrèn, Chairperson of the EU Military Committee for a bilateral discussion ahead of Director Wane's presentation to the EU Military Committee. The military representatives of EU Member States were particularly interested in discussing AMANI Africa II, Somalia and funding of the African Peace Facility.

Mr. Pierre Vimont, EEAS Secretary-General met with the group of AU PSC representatives during a briefing where the importance of the EU-AU relationship was stressed on both sides.

Harmonization of the management of food hygiene in West Africa

The European Commission's Directorate General Health and Consumers (DG SANCO) jointly with the l'Union Economique et Monétaire Ouest Africaine (UEMOA) organized a regional workshop on harmonization of the management of food hygiene in West Africa, from 4 to 8 June 2012 in Abidjan, Ivory Coast; this being a priority of the Joint Africa-EU Strategy (JAES) Action Plan 2011-2013.

The objective was two-folds: (1) to enhance common understanding of EU rules as regards to official controls and inspections in the fishery sector, and (2) to pursue the implementation of the Reference and Guidelines for harmonization of the management of food hygiene. Inspectors were trained infield on how to apply these Guidelines in the same way across the region. Such harmonization is expected to contribute towards health and consumer protection, and boost intra and inter-regional trade and integration in West Africa through the application of common food safety principles for cross-border movements of agricultural commodities. The experience gained from the programme would also help to monitor the application of regional commitments at national level, with the view to consolidating regional free trade areas in line with international principles and the Comprehensive Africa Agriculture Development Programme (CAADP) framework.

The 5-day workshop was attended by over 60 public and private sector Experts (majority at Director of Services level) from 16 West African countries, including representatives of the UEMOA, the Economic Community of West African States (ECOWAS) and the Common Market for Eastern and Southern Africa (COMESA) and the AU Commission (Rural Economy and Agriculture). The workshop was animated by 6 international experienced Tutors from France, Denmark, Senegal and Ivory Coast.

Opening addresses were given by the Ivorian Minister for Animal and Fishery Resources, Mr Kobenan Kouassi Adjoumani, accompanied by the Burkina Faso Minister of Animal Resources Dr Jeremy Tinga Ouedraogo; and on behalf of EU by Mr Yves Gillet, Head of Cooperation (EU Delegation to Ivory Coast).
A follow-up regional workshop is planned in Accra, Ghana in early October 2012.

Enhancing Migration, Mobility, Employment and Higher Education in the Regional Economic Community (RECs)

A Technical Meeting on Enhancing Migration, Mobility, Employment and Higher Education in the RECs within the framework of the Africa-EU Migration, Mobility and Employment Partnership (MME) was conducted 5-6 July 2012 in Addis Ababa, Ethiopia.

The meeting was co-organised by International Centre for Migration Policy Development (ICMPD), United Nations African Institute for Economic Development and Planning (IDEP) and Ibero-American Foundation for Administration and Public Policies (FIIAPP), and funded by the European Commission. Speaking about the objective of the technical meeting Dr Johan Strijdom, Head of Division: Social Welfare Department of Social Affairs at AU Commission said "the technical meeting opens a window for sharing the findings of the stocktaking exercise, experiences of the RECS and other stakeholders, identify the various gaps faced by the RECs and make recommendations to overcome the shortcoming and obstacles in view of strengthening the roles of the RECs in the MME Partnership".

Nicola Bellomo, Chargé d'Affaires a.i. of EU Delegation to the African Union in his opening remark said "Migration and mobility play an important role in the process of development in both Africa and the EU, in particular when looked at from the perspective of labor market disparities. The MME partnership provides a perfect framework to look at migration and employment in a holistic and integrated manner."

He further noted "Strengthening cooperation on migration matters and fostering free movement within the RECs is central to realizing their regional integration and development goals. The RECs can significantly contribute to the goals of the MME Partnership. There is need to advance the understanding of the programs, policies and strategies of the RECs in these areas, but also of the obstacles and challenges faced by RECs in its implementation in order to put in place adequate solutions. The technical meeting was concluded by adopting recommendations for advancing higher education, employment, and free movement/mobility in the RECs and for advancing the role of the RECs in the higher education and employment initiatives of the MME Action Plan.

The next technical meeting within the framework of the MME Partnership will be hosted in Barcelona, Spain and will discuss international protection of refugees and asylum seekers.

ARRIVAL

DEPARTURES

Nathalie DEVOS

Jacques DEMAN

Harry DE BACKER

Christophe BOULIERAC

From left to right
Pierre-Christophe CHATZISAVAS, Thomas PEYKER, Rainer UHER, Graeme PRESTON

Françoise VILLETTE

You can also read LINK! on the website of the Delegation of the European Union to the African Union
http://eeas.europa.eu/delegations/african_union/index_en.htm

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AU COEUR DU PARTENARIAT AFRIQUE-UNION EUROPÉENNE







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WAS CELEBRATED BY
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