

WORLD BANK

Support to NEPAD

Period of Report: July 2007 to June 2008

World Bank's assistance to NEPAD is multi-form and includes financial support (lending) to specific regional projects, technical assistance to regional bodies, and support for policy dialogue on regional integration issues and the preparation of regional programmes and projects. Much advocacy work has been done in mobilizing resources for scaling up donor support to the development of regional infrastructure, especially in the context of the Infrastructure Consortium for Africa.

Lending

World Bank's financial support to NEPAD programmes increased more than three-fold compared to last year, amounting to US\$1,023 million during the period under review. Seven projects were approved by the Bank Board: (i) two projects in the energy sector for the equivalent of US\$389.7 million (Mozambique-Malawi interconnection project, Regional and Domestic Power Market Development in DRC), (ii) two projects in the transport sector in the amount of US\$247.6 million (CEMAC Transport and Transit Facilitation Project, and the second phase of the West and Central Africa Air Transport Safety and Security Program), one project in telecoms sector in the amount of US\$164.5 million (Regional Communication Infrastructure Program in Eastern and Southern Africa-RCIP), one river basin development project for US\$186 million (Niger River Basin Project) and one project supporting agriculture productivity in West Africa for US\$45 million (see details on these projects in Annex 1).

Simultaneously the Bank has developed a very strong pipeline of NEPAD projects of about \$2 billion in transport, trade, energy, water, telecoms, financial sector and agriculture for the next two fiscal years, of which six projects in the amount of US\$915 million were scheduled for Board presentation before end of June 2007.

Non-lending activities

The main objective of the Bank's analytical work in the area of regional integration is: (a) to assist regional bodies to create and drive policy discussion of matters in which regional dialogue is needed to promote policy harmonization; and (b) to develop needed additional knowledge to underpin priority regional investments. Current economic sector work encompasses options assessments for trade integration among groups of countries, strategic assessments of regional minerals sector developments, assessment of possible impacts of climate change, prioritization of multipurpose investment options in the Nile Basin, and assessments of opportunities to develop regional centers of excellence in the agricultural research.

The Bank continued to provide support to capacity development programmes of regional economic communities (RECs) and other specialized regional bodies (Basin organizations, regional professional bodies). Additional support provided during the period under review is in the form of grants that finance technical assistance in priority areas as defined by NEPAD and the regional bodies themselves. These areas included: (a) capacity to protect regional biodiversity against potential risks associated with the introduction of Living Modified Organisms (LMO) into the environment; (b) capacity of river basin organizations to plan and manage shared water resource for multi-purpose utilization; and (c) the improvement of accounting, financial reporting and auditing practices up to international standards in West and Southern Africa.

Partnerships

Partnerships and coordination with other development partners have been strengthened during the period under review. The African Development Bank (ADB) has become a particularly close partner, sharing in the development of complex infrastructure programmes and co-financing large investments. A new partnership of the AU Commission, UNECA and ADB will assist the Commission to explore practical options to improve the effectiveness of RECs through rationalizing overlapping memberships. A promising trilateral partnership with the ADB and the European Commission is taking shape, focusing on REC capacity development and trade integration, including development of regional development banks and regional infrastructure. Other partners have included the Development Bank of South Africa, DFID, Islamic Development Bank, as well as Germany, Japan and Nordic countries. An important partnership with China in supporting regional infrastructure development is being worked out.

Impact of Bank supported programmes and projects

Bank projects supporting NEPAD are in their initial years of implementation and it's thus too early to determine clear impacts (on average the portfolio is 1.4 years old). However a 2006 portfolio performance review indicated that overall implementation is proceeding satisfactorily pointing to progress toward the achievement of the stated development objectives and expected outcomes.

Annex 1: Projects approved between May 2007 and January 2008

1. **The Mozambique-Malawi Transmission Interconnection Project (US \$93 million)** has the objective of diversifying Malawi's supply of energy such that drought risk is mitigated, improving energy affordability and reliability and expanding Malawi and Mozambique's opportunities to benefit from bilateral and regional power trading on SAPP. Activities to be implemented under the project include: (a) implement the Mozambique – Malawi Interconnection; (b) Capacity Building and Technical Support for Upgrade and Expansion to Support Power Trading; and (c) Improved Infrastructure to Support Power Trading.
2. **Regional and Domestic Power Market Development Project (US \$296.7 million).** This project involves DRC and aims at improving operational efficiency in the electricity sector and expand generation, transmission and distribution capacity in order to better serve domestic power demand and to support regional power market integration in Southern and Central Africa. Activities to be supported under the project include: (a) rehabilitation of generation capacities at the Inga 1 and 2 power plants to provide power to DRC, as well as to the Southern African Power Pool and to Central Africa, (b) construction of a transmission line from Inga to Kinshasa (also serving the Republic of Congo), (c) expansion and rehabilitation of the distribution network in Kinshasa, including powering of unelectrified areas and 50,000 new connections, (d) strengthening the capacities of SNEL (notably via a programme to enhance governance, including the reduction of losses in commercial operations) and of the Ministry of Energy, and (e) support to execution of the Project, including on engineering and environmental/social aspects. The project will support the Southern African Power Market Programme APL series, and notably complements Phase 1 which involves the rehabilitation of the transmission line from Inga to the border of the Republic of Zambia.
3. **CEMAC Transport and Transit Facilitation Project (US \$201 million).** This project involves Central Africa Republic (CAR), Chad and Cameroon. Its objective is to enhance trade, integration and sub-regional cooperation between CEMAC and ECCAS member states and specifically provide the landlocked countries CAR and Chad with better access to the Port of Douala. Activities to be supported under the project include roads and railway infrastructure improvement, transit and transportation facilitation investments, and customs and transport sector institutional strengthening and capacity building.
4. **West and Central Africa Air Transport Safety and Security Programme Phase 2 (US \$46.65 million).** This second phase involves Nigeria. As for the first phase programme the project aims at improving Civil Aviation Authorities compliance (CAA) with ICAO's safety standards, increasing CAA's compliance with ICAO's security standards, and enhancing main international airports' compliance with ICAO's security standards. Activities to be implemented under the project include strengthening of CAA's safety and security oversight

capacities including the acquisition of basic communications and inspection equipment and improvements in international airports security and safety standards which include some works and rehabilitation of existing airport fences.

5. **Regional Communication Infrastructure Program in Eastern and Southern Africa (US \$164.5 million).** The first phase of this programme involves Kenya, Burundi and Madagascar. The development objective pursued by the project is to contribute to lower prices for international capacity and extend the geographic reach of broadband networks, improve Government efficiency and transparency through e-government applications. Activities under the project aim at assisting Eastern and Southern African countries to implement a strategy of effective regional connectivity and increased government efficiency through the use of this connectivity, by (i) offering technical assistance to promote further sector liberalization and resolve market efficiency gap, (ii) leveraging private investment in the deployment of regional and national backbone infrastructure, as well as rural networks through public-private partnership (PPP) arrangements, and (iii) leveraging infrastructure to increase government efficiency and transparency through the selective deployment of key e-Government services.
6. **Niger River Basin Project (US \$186 million).** The overall objective of the project is to enhance regional coordination, development and sustainability of water resources management in the Niger River Basin. This first phase targets five Niger Basin countries, namely Benin, Guinea, Mali, Niger and Nigeria. Activities supported by the project are: (i) strengthening of the Basin's regional and national institutional capacities, (ii) rehabilitation and upgrading of priority water infrastructure (small water infrastructure of national and local relevance) including Kainji and Jebba Hydropower dams and several small dams in Mali, Niger, Benin and Guinea, (iii) the restoration and management of degraded environment.
7. **West Africa Agriculture Productivity Program (US \$45 million).** The development objective of the project phase WAAPP involving Ghana, Mali and Senegal is to generate and disseminate improved technologies in the region's top priority areas (roots and tubers, rice, cereals, livestock, oilseeds, cotton, fruits and vegetables), as identified by CORAF. Activities supported by the project are the creation of enabling conditions for regional cooperation in technology generation and dissemination, the support and development of centers of excellence in agriculture research and technology generation.