



DEVELOPMENT PARTNERS' ROUNDTABLE FOR THE IGAD REGIONAL INFRASTRUCTURE MASTER PLAN (IRIMP)

**THEME: INTERCONNECTING MEMBER
STATES FOR REGIONAL INTEGRATION
AND TRADE COMPETITIVENESS**

**23 to 25 November 2021
Nairobi, Kenya**

CONCEPT NOTE

I. Introduction

The Intergovernmental Authority on Development (IGAD) region comprises of eight Member States, namely Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda. The IGAD in the Horn of Africa was created in 1996 to supersede the Intergovernmental Authority on Drought and Development (IGADD), which was founded in 1986 to mitigate the effects of the recurring severe droughts and other natural disasters that resulted in widespread famine, ecological degradation and economic hardship in the region. The transformation to IGAD was geared towards enhancing regional cooperation in three priority areas: food security and environmental protection; economic cooperation, regional integration, and social development; and peace and security.

The 11th IGAD Summit of the Heads of State and Government held in 2006 recognised the importance of infrastructure projects as a vehicle for integrating the sub-region and as a necessary catalyst of economic growth and development of IGAD Member States. Earlier in 1995, the leaders had agreed to expand cooperation in areas of infrastructure building, particularly for communications, energy, transport by land, air and sea as well as harmonisation, coordination and joint development of the sub-regions maritime, air and land transport to maximise the flow of goods and services.

The 2010 comprehensive roadmap for the IGAD Minimum Integration Plan (MIP) geared towards creating a Free Trade Area (FTA) in the IGAD region recommended for developing an IGAD Regional Infrastructure Master Plan (IRIMP). The master plan was cited as a crucial ingredient in the achievement of the FTA. The preparation of IRIMP was completed in December 2020 and boasted of a holistic regional infrastructure investment approach. The IRIMP defines priority regional infrastructure in transport, energy, Information and Communication Technology (ICT) and transboundary water projects for investment.

The IRIMP constitutes an approved IGAD regional infrastructure development blueprint and will guide the selection and implementation of regional projects at the level of feasibility assessments, preparation for bankability and investment. It also constitutes the basis for IGAD Member States' commitment to a shared infrastructure development programme, in form of a Declaration, and the foundation for regular review of its implementation. The IRIMP identified priority projects that range from simple ones that involve two Member States (MSs) to complex ones that involve several or all MSs. In keeping with overall regional objectives, such infrastructure projects are targeted towards achieving strategic goals of poverty alleviation and regional integration. The master plan, once implemented, will enhance regional physical and economic integration, thus promoting trade, movement of goods and persons and poverty reduction amongst its Member States.

The implementation of the IRIMP is expected to lead to the achievement of the following:

- Facilitate easy connectivity within the region,
- Stimulate regional economic growth, thereby contributing to poverty reduction, and

- Reduce isolation as well as promote regional integration and stability.

The IRIMP is expected to lead to infrastructure development such that producers in the region access more excellent choice of road, rail, and water transport networks. Investments in infrastructure will improve port performance, maintenance and upgrading of roads, reduce border post delays, and rehabilitate rail track along the region's corridors. Faster border crossings and improved port facilities, railways and highways will enable producers and traders, especially in IGAD landlocked countries, to transport their goods quickly and access regional and international markets, thereby stimulating economic growth and inward investment.

Infrastructure investments are also planned in water and energy sectors to address water storage, energy production and power transmission in the region. The investment will lead to improved water availability and management of peak loads and increase power trading whilst providing employment opportunities for large sections of the region's populations that live in areas with inadequate power. Diversification of energy sources and enhanced interconnectivity in the region will further improve availability and reduce the cost of power, which is currently an impediment to the growth of businesses.

Investment in transboundary water resources will ensure a reliable and sustainable provision and utilisation of water in the region. The IRIMP will also facilitate the development of ICT, essential in modern-day economic development. Proper utilisation of ICT is crucial in poverty reduction. It helps promote economic growth, expand economic and social opportunities, make institutions and markets more efficient and responsive, and enable the poor to obtain access to resources and services. More efficient exchange of information and data facilitate development in all sectors.

II. The Background to the Conference

Specific Situation in the IGAD Region

The over-arching objective of regional integration is to create an open, unified, regional economic space for private operators – a single market open to competitive entry and well-integrated into the global economy. Its components include a network of efficient infrastructure services: transport, energy and communications. The region is characterised by inadequate infrastructure levels, which has resulted in poor services. Accordingly, the region has not been able to attract significant investment levels, which it requires to support higher levels of economic growth.

There is indeed the need to increase infrastructure access, mainly transport infrastructure. However, it is widely acknowledged that increased spending in infrastructure alone will not be effective, nor will funds be forthcoming unless efforts are made to improve policies for management and maintenance of these infrastructure.

Delays and cumbersome transit procedures increase the cost of doing business in the region. Measures implemented in the transport/infrastructure sub-sector should ensure uninterrupted inter-regional traffic flow to enhance regional integration.

Trade is a real incentive for regional integration and a key factor in economic growth. However, trade among IGAD Member countries is low compared with other sub-regions of Africa. This means that there is less competition, higher prices, and less choice. Businesses become less profitable, creating fewer jobs – for example, restricted agriculture markets mean that excess crops could trigger a collapse in prices. This will result in a poor yield that perpetuates hunger. Poor infrastructure lies behind many of the trade barriers. Transport costs in the region are nearly 95% higher than in Europe and up to 60% more than in other developing countries. The ICT sector also needs more development to guarantee affordable, available and reliable communication services.

On the energy front, almost all the countries in the region face power shortages and frequent service interruptions. Studies have shown that this results in a 5% loss in sales to businesses. According to the World Bank, this represents 2% of GDP.

The region has several international river basins, which presented huge hydropower potential. If developed and efficiently exploited, they could result in a drop in the average cost of electricity. It has been noted that while the countries of the IGAD region were lagging behind in terms of energy access compared to other regions of Africa, the sheer distances to be covered by the traditional grid, insecurity, vulnerability to climate-related phenomena contributed significantly. Consideration of decentralised power delivery systems and the development of renewable energy resources could also improve the situation. On the positive side, some of the IGAD countries, particularly Uganda and Sudan, are joining the club of oil and gas producing countries, a development that will have a significant impact on power generation, inter-connectivity, and energy exchange.

To date, IGAD has limited success in securing funding for large capital investment projects, such as roads and railways. Consequently, IGAD's efforts have been focused on lobbying, facilitation and advocacy on behalf of the Member States to develop regional priority projects. For example, construction and rehabilitation of the IGAD-priority Nairobi-Isiolo-Moyale-Addis Ababa (TAH4) road was undertaken with support from AfDB and EU, and in collaboration with the Kenyan and Ethiopian governments. There is a need to enhance such cooperation among the IGAD Member States to pool resources for joint implementation of all the other regional infrastructure development projects.

IRIMP and Regional Integration

The IRIMP project is based on the need to harmonise and promote regional integration. This has been part of Africa's strategy for economic transformation and the Regional Economic Communities (RECs), including IGAD, are the building blocks that will enhance continental integration. The IRIMP will unlock opportunities across the region, resulting in tangible investments. The physical implementation of the projects will reduce transport and transit times and, thus, improve the competitiveness of partner countries in regional

and international trade. This will further enhance regional connectivity and improve socio-economic cooperation and development in the IGAD region.

Lack of adequate and regionally integrated infrastructure is one of the binding constraints to unlocking Africa's vast productive capacities and, therefore, Africa's sustainable development. Although the IGAD region is making significant strides in the development of new regional infrastructure projects under programmes such as the continental infrastructure Master Plan - Programme for Infrastructure Development in Africa (PIDA), underdeveloped infrastructure remains a significant constraint in the region. Some of the PIDA projects in the region include the Ethiopia-Djibouti railway, the Ethiopia-Kenya power interconnector, the Nairobi-Addis Ababa highway, among others.

IRIMP will drive the development of the priority projects built on the consensus of its Member States. The master plan has been developed in consideration of other factors, such as fragility, drought proneness, gender etc., unique to the IGAD region. The IRIMP is therefore expected to address the problem of inadequate and poor regional infrastructure networks, connectivity, and efficiency.

It is widely believed that by stimulating growth through sustainable infrastructure, regional integration will help address the social imbalances outlined in the United Nations Sustainable Development Goals (SDGs). SDGs goals 6, 7 and 9 are directly committed to developing infrastructure in water, energy, and resilient infrastructure.

At the G8 meeting in Gleneagles in 2005, leaders called on countries to double their funding in infrastructure in Africa, and it is expected that over the coming years, donors and development partners would increase funding for African regional programmes, including infrastructure development. The cost of addressing Africa's infrastructure needs is around \$93 billion a year. Even if major potential efficiency gains are captured, Africa would still face an infrastructure funding gap of \$31 billion a year, mainly in power.

Therefore, mobilizing funds to implement the IRIMP is crucial in ensuring that the identified priority projects are developed to support the region's sustainable development. The African Development Bank (AfDB) has assisted IGAD in preparing the IRIMP, and together with other development partners, is expected to support the further development of the identified priority projects. It is hoped that this conference will play a crucial role in supporting regional integration and infrastructure development in the IGAD region.

III. Conference Objectives

The hallmark of the proposed roundtable is its regional focus to secure support for regional infrastructure to promote economic development and integration.

The specific objectives are to:

1. Cement the political commitment of the IGAD Member States to the development of infrastructure in the region

The forum will be a unique event where large national and multinational enterprises will participate. The event will be the first of its kind where special attention is given to the roles that the development partners, private sector and regional political leadership can play in providing transboundary infrastructure.

2. Introduce IGAD's nascent role in the promotion of regional infrastructure

This will be a major infrastructure conference under the auspices of IGAD. In this regard, special emphasis will be placed on infrastructure's role in intra-IGAD trade promotion and enhanced connectivity and business opportunities that originate from all the Member States.

3. Sensitise investments banks and other private sources of finance, transaction advisors, contractors and development partners to key regional infrastructure projects which require financing and development in the IGAD region

The event offers a perfect setting for the IGAD region to showcase its priority regional infrastructure projects in transport, ICT, energy and transboundary water resources, as well as opportunities in infrastructure services to the international donor community, development partners, infrastructure and other investment funds as well as leading institutional investors and the private sector infrastructure investors outside the region.

4. Highlight and share knowledge on key sector issues and foster dialogue amongst project sponsors, the private sector and development partners

The development partners' roundtable will provide a rare opportunity to discuss infrastructure development in the region. The conference, organised as a highly interactive "marketplace", will be an unrivalled opportunity to exchange views and network amongst governments, development partners, investors and other stakeholders. Together with project sponsors and the Member States, policymakers will meet and interact through a series of meetings and many networking activities. Besides, sponsors will attend the strategic summit sessions led by thought leaders in the infrastructure investments industry.

5. Solicit (convince) the development partners to commit new finance for a number of projects during the meeting

The conference can be considered as a forum in which all types of strategic investment choices and business modalities will be equally examined and promoted, i.e. public-private partnerships, joint ventures, management contracts, technology transfer, rehabilitation, expansion, technical assistance, etc.

IV. Sectors Covered

Four (4) infrastructure sub-sectors are the focus of the conference. The priority projects under these sectors will contribute to regional integration and confidence building through

functional cooperation, promoting regional synergies, cross-sector cooperation, dialogue and information sharing between regional stakeholders. The sub-sectors are:

- i) **Transport** (with focus on Economic Development Corridor (EDC) approach including multi and inter-modal transport including new relevant technologies and management systems, managing private participation, regulatory and institutional reforms)
- ii) **Energy** (with focus on power generation, and regional links and renewable energy opportunities, e.g., geothermal, bioenergy, mini-hydro, solar, LED and other relevant production and conservation technologies)
- iii) **Information Communication Technology (ICT)** (with focus on internet exchanges, broadband connectivity, submarine cable systems, telecommunications, etc.)
- iv) **Management of Transboundary Water Resources** is an essential element for food security. Improvement in management resulting from institutional and regulatory reforms, water harvesting, irrigation and waste management.

V. Date and venue

Within the setting of Kenya's capital city of Nairobi, this unique interactive occasion presents a rare opportunity to develop meaningful and valuable business relations. This conference will take place between 23 and 25 November 2021 at the Crowne Plaza. The three-day meeting will bring together esteemed development partners, policymakers, industry-thought leaders and solution providers to a highly focused event that will be conducted both physically and virtually.

VI. Organizers/ participants

The roundtable is an event to support the implementation of the IRIMP under IGAD with financial assistance from the African Development Bank (AfDB).

Attendance will be at a high-level audience of around 100 participants drawn from both the public and private sectors. On the public side, it is anticipated that IGAD Member States will lead the event at the ministerial level, with the support of appropriate senior officials. On the bilateral and multilateral donor side, vice presidents and regional directors are expected to attend, whilst from the private sector, CEOs and managing directors have been invited. The AfDB will furnish high-level participation from the Bank.

The African Union High Representative for Infrastructure Development is expected to grace the occasion.