



3rd EU-Africa Business Forum

September 28-29, 2009

Nairobi, Kenya

Discussion Paper on Infrastructure



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Introduction

The Breakout Session on Infrastructure as part of the EU-Africa Business Forum provides an opportunity for the delegates to discuss and debate a number of important topics, action steps and initiatives relative to the improvement of infrastructure development in Africa, which is a crucial area with regard to improved economic development in Africa and the success of government pro-poor policies, as well as achieving the UN Millennium Development Goals and a gradual integration of African economies into the global economy. One of the first priorities of the European Commission co-operation policy in Africa is the strengthening of trans-African and regional infrastructure.

Four main topics have been selected for discussion:

- ✓ Improvement of the Business and Competition Environment to Encourage Infrastructure Develop
- ✓ Development of Local SMEs and their involvement in Infrastructure Projects and Contracts
- ✓ Innovative Contract and Procurement Models for Infrastructure Projects in Africa
- ✓ Encouragement of the Financial Framework of Stronger Economies to Facilitate and Develop PPP Infrastructure Programmes and the Setting Up of PPP Units within National Governments with Good Inter-Communications

These four topics are set out below in this discussion paper.

The Session also provides an opportunity to review the recommendations in four key areas with regard to infrastructure development, which were agreed at **the Second Business Forum** held in Accra, Ghana from 21 - 22 June 2007. These four recommendations are set out in Annex 1 below, together with details of what actions have been taken and what has been achieved as regards to these four recommendations by the time of this Third Business Forum in 2009.

An **Agenda for the Infrastructure Breakout Session** is also set out below in Annex 2. The Agenda includes the timings of the four main topics to be discussed.



Improvement of the Business and Competition Environment to Encourage Infrastructure Development

Points of view of key players

To attract national and international private investors, contractors and service providers into infrastructure development in any particular country in Africa, it is important to understand that for international investors, contractors, operators and service providers in particular, **the World is the market place**. As a result, the country in question has to provide a business environment and a competition or competitive environment that is attractive to these potential international investors, contractors, operators and service providers in comparison with other countries in the rest of the World.

This means that the country in question must be **politically stable** and has to provide **full political support from the highest level** for a credible policy of infrastructure development, an **acceptable legal framework** within which these potential investors, contractors, operators and service providers can operate, make a reasonable profit for the risks that they are taking, remit profits, management fees and dividends in foreign currency if they are non-residents and manage their investments and contracts without undue interference, provided that they comply with the terms and conditions of their investments or contracts and the local laws of the country concerned.

In addition, **the competition or competitive environment should be open and fair** to all investors and bidders for infrastructure development contracts; what is often referred to as a “level playing field” for all, whether national or international firms or companies.

If we now consider each of **elements that make up the necessary business and competition environment to successfully attract national and international investors**, contractors, operators and service providers.

Firstly, not only must the country be politically stable with a reasonable economic performance, but any proposed infrastructure development must be **supported politically from the top of the political establishment**. It is possible to do “one off” infrastructure projects, but this is unlikely to achieve the best results and attract the required competition from



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international investors, operators and service providers that are looking for a proper infrastructure development programme with a government produced project list of infrastructure projects in order of priority. It will be beneficial if these priority projects are also ranked according to their impact on regional integration and development (Trans-African networks).

The next element is that of an acceptable local legal framework which is seen to work satisfactorily, be fair to all and within which national and international investors can invest without any undue unknown risks and contractors, operators and service providers can bid for and operate contracts, for infrastructure development projects. This legal framework must permit investors, contractors, operators and service providers to operate their investments or contracts and remit dividends or management fees overseas if required, without undue delay or interference, provided they keep to the terms and conditions of their investments or contracts and obey all the local laws.

The competition or competitive environment for infrastructure development projects should be open and fair to all, without undue political interference. This means that **the entire bidding competition** for particular infrastructure project contracts should be **open and transparent** at all times.

Key aspects of a fair and transparent tender process are (1) the presentation of reliable tender documents, including precise and state of the art specifications and drawings and (2) balanced General and Particular Contract Conditions, which reflect the latest international standard of the industry (e.g. Dispute Boards). The bid competition should not place too much emphasis on price alone, but take into account in the **evaluation of bids** received for the project in question, the financial standing and the technical and financial experience of each bidder, the quality of design and materials utilised, the maintenance and life cycle costs over the project life, the benefits to the local economy from each bid by the use of local sub-contractors, local labour and technology transfer, to name some of the most important items to be evaluated. In other words the “Value for Money” of each bid should be the principal criterion of the evaluation process. There has been a tendency in public sector procurement in Africa in the recent past, supported by the political system, to only consider price in infrastructure project bid evaluations. This has resulted in an increase in the risk of poorly designed projects with high maintenance costs, shortened project asset lives and the lack of or considerable reduction in the economic benefits resulting from specific



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projects for the country concerned. “Value for Money” has not been achieved for these infrastructure projects.

It should also always be remembered that the costs of bidding for infrastructure projects, especially for international bidders and bidding consortia, are extremely high. Therefore, Contracting Authorities should **make use of an objective pre-qualification process, as an opportunity to raise the standard of competition** by setting out minimum requirements to be met by the bidders. If the competition environment in any particular African country is seen to be unattractive to international bidders for whatever reasons, then they will stay away, with a resultant reduction in competition for bids for infrastructure projects in that country, with the additional likelihood that the remaining bidders will seek to take advantage of this situation with increased prices and even less economic benefits for the country concerned. An attractive competition environment has considerable economic benefits and should be the objective of all responsible African governments.



Development of Local SMEs and their involvement in Infrastructure Projects and Contracts

Facilitate the involvement of local SMEs in infrastructure projects

For any African country to maximise its economic development, it is necessary to encourage and fully develop its private sector, including its private small and medium enterprise (SME) sector. SMEs often develop first in the trading and retail sectors which are natural areas for them to develop. However, governments should also provide **policies that encourage SMEs to develop in other economic sectors including infrastructure development**. They have a role to play in the small infrastructure development projects, which are too small for the larger national private companies and international contractors, operators and service providers, as well as sub-contractors to the large local and international contractors, operators and service providers for the medium and large scale infrastructure development projects.

Any African country which encourages local private SMEs will gain several economic benefits. Firstly of course all large local private companies were once an SME. Secondly the extent to which SMEs are involved in infrastructure development projects saves the country concerned the need to remit foreign exchange for profits and management charges and possibly the need to raise **foreign currency** finance. Thirdly it encourages the **use of local labour and materials** as well as the possibility of **local design** for at least part of the overall design. Finally it usually encourages and results in **technology transfer** from international companies to the local SMEs, which assists in the development of these SMEs.

The question is how should governments encourage the development of private SMEs, particularly their involvement in both small and large scale infrastructure development projects?



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To begin with and similar to creating the right business and competition environment for infrastructure development, it requires a government policy, including a **legal definition of what is an SME**, for the encouragement and development of SMEs supported from the highest political level. Such a policy if necessary could also be supported by the European Union and multilateral financial institutions, such as the World Bank and the African Development Bank. In addition, the donor agencies could assist the development of SMEs in Africa by providing **assistance in the areas of education, training and capacity building**.

Potential sponsors who wish to establish an SME will need assistance in several areas. Associated with the establishment of a government policy to develop SMEs, a government office should be set up to provide advice to these sponsors on **how to set up an SME**, as a partnership or a small private company, under local law. This office should also assist with advising the potential SME sponsor on **how to prepare a business plan** for the particular activity the sponsor wishes to pursue. Such a business plan will be necessary if finance is required from a local bank to establish the SME. It may also be necessary for this office to be able to recommend a **suitable local lawyer** with experience in setting up SMEs, to provide legal advice to the sponsor or sponsors.

As part of the policy to encourage the development of SMEs, the government through the SME support office, could provide **tax exemptions or incentives** in the initial years of the operations of the SMEs, to assist with the difficult first few years of their existence. Another area where the government office could assist is advice on the availability of office space, or land if an office block or manufacturing or servicing facility is required. Finally, associated with the implementation of a government policy to encourage the development of SMEs, the national central bank or treasury, could encourage the local banks with incentives to provide **finance for SME** including lower interest rates and better access to bank guarantees.



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With regard to the infrastructure market place for SMEs, these projects require the usage of expensive equipment and materials which amortise only over a period of 3 to 8 years, depending on the respective equipment or material. Such equipment or material must thus work permanently to be profitable and it must be able to be sold out at a competitive price. Therefore it is necessary that a local SME construction company has a **permanent activity** and that the particular African country's infrastructure market allows for a **long term strategy** and that the government gives encouragement to SMEs to participate in infrastructure development by providing certain **procurement incentives**. For the small infrastructure projects procurement could be **reserved for local SMEs only**, subject to the necessary expertise and experience. For the large infrastructure development projects, large local and international contractors, operators or service providers could be obliged to use local SMEs through **joint ventures or sub-contracts** by awarding special points under the **bid evaluation criteria** for the use through local SMEs of local design, local labour, local services and the provision of technology transfer, subject of course to these SMEs being able to provide the necessary expertise and quality; to encourage the maximum use of local resources at a lower cost for the benefit of the local economy. This point is further discussed at the end of the chapter below on the subject of **innovative contract and procurement models** for infrastructure projects in Africa.



Innovative Contract and Procurement Models for Infrastructure Projects in Africa

Limitations of traditional public sector procurement systems

Traditionally public sector infrastructure development in Africa has been contracted and financed by African governments through the public procurement system. The contracts have been put out to bid usually on a national or international **competitive tender** basis, dependant on the size and technical complexity of the infrastructure development project in question. The contracts were normally set out so that the design, operation, maintenance, life cycle replacement and the financing of the project were the **responsibility of the public sector**, led by the public sector sponsor of the particular infrastructure project.

Over recent decades it has been realised that this public sector procurement system had a number of **drawbacks and disadvantages** to the African country and government concerned, with regard to the necessary development of domestic and cross border infrastructure required for sustained economic growth.

These drawbacks and disadvantages covered a number of important areas. The first is that there is a **finite limit to the amount of infrastructure development** an African country can finance at any one time from its own resources, via taxation or public bond issues, national or international bank debt or with assistance from the multilateral financial institutions such as the World Bank and the African Development Bank and the donor community. There is also a **finite limit on the capacity of the particular government to manage and operate** at any one time the necessary infrastructure development, even if it is one of the few African countries with good or satisfactory economic progress.



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A second drawback or disadvantage is the lack of any relationship between the contracting of the design and construction of the infrastructure development project concerned and the performance of the maintenance and the project life cycle replacement of that project.

The traditional/conventional procurement method does not provide for a mechanism to draw on the private sector's capabilities to maintain and operate infrastructure facilities. Nor can the **knowledge and the skills of contractors** be integrated into the design stage, although early involvement of such expertise can significantly contribute to the efficiency of the entire process. This is compounded by far too high a concentration of the contract **evaluation criteria** of the competitive bids received for the project, on the lowest price for the construction of the assets required for the infrastructure project in question. Now the simple fact of any infrastructure development project, is that **the lower the price the higher the maintenance and the shorter the project life**, with lower quality design, construction methods and materials. This is made worse by the fact that the **financing of these public procurement infrastructure projects**, also has no relationship between the financing of the design and construction of the project through the **capital budget of the government** concerned and the financing of the maintenance and life cycle replacement, which is handled on an annual basis through the normal annual government budgetary system. This leads to the fact that not only does this system encourage poor quality design and construction, but in years when the **annual budget** is under pressure due to lower economic performance, the first cutback of costs falls on the annual maintenance and life cycle costs of these infrastructure projects, with the result that almost without exception, the project design life is shortened and the assets involved have to be replaced at considerable cost many years earlier than expected.

The first recent coherent innovative public sector policy to change the contracting and financing of public infrastructure development, took place in the UK in the first half of the 1990's, with what is called the Private Finance Initiative (PFI). This policy and programme



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shared the burden of financing of public infrastructure development between the public and private sectors and for the first time directly linked the responsibility of the design and construction with the responsibility for maintenance and life cycle replacement and the financing of the infrastructure project concerned, under design, build, finance and operate (DBFO) contracts. Various countries worldwide including in Africa, are now following similar policies for infrastructure development under what has now become known as Public Private Partnerships (PPPs). PPPs will be discussed in a separate paper.

With public procurement of infrastructure development projects, which will continue to be a major procurement method for developing infrastructure projects in Africa, there is now a move to gain the benefit of linking the responsibility for design and construction to the responsibility for maintenance and life cycle replacement. This will be achieved with **a new form of public procurement contract model; a design, build and operate (DBO) contract** for infrastructure projects, to be tendered under national and international competitive bidding for the infrastructure project in question.

To back up the responsibility for the maintenance and life cycle replacement of the assets concerned, which result from the design and construction responsibilities in the contract, there will be a supporting penalty system within the contract, to ensure that the private sector contractor and operator will perform the maintenance and life cycle replacement responsibilities to minimum performance standards. These **minimum maintenance and life cycle replacement performance standards** will be built into the contract. If the private contractor and operator fail to perform to these minimum standards, then penalty points will be awarded depending on the seriousness and duration of the failure. These penalty points will be capable of conversion into a **financial penalty**, which will be deducted from the next service payment due to be paid by the public sector sponsor to the private contractor and operator for the services provided. In addition, for continual poor performance there will also be a system of termination points, which if they exceed a



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given total will result in a warning letter to the private sector contractor and operator of the **potential for the contract to be cancelled**. If the poor performance is continued, then the contract will be cancelled by the public sector contractor and operator and the contract rebid. A first **DBO standard form of contract** has been published recently by FIDIC, the International Federation of Consulting Engineers.¹

It is the objective of this new form of public procurement contract model, to mitigate the drawbacks and disadvantages of the previous form of public procurement contract and to prevent bidders from offering low design and construction prices, without the responsibility for the subsequent performance of the maintenance and life cycle replacement of the assets they have constructed under the same contract. The risks of the maintenance and life cycle replacement performance will be transferred from the public sector to the “private sector” contractor and operator, with all that entails, to the benefit of the public sector.

Another objective is that such a new form of public procurement multiannual contract for large infrastructure projects, should also assist with the development and capacity building of local construction/operator companies and SMEs, as international contractors and operators would be **likely to wish to sub-contract all or part of the risks of their responsibilities as regards maintenance and life cycle replacement** to local companies, thus creating a local market for the multiannual maintenance and life cycle replacement of infrastructure projects. These local construction/operator companies and SMEs would additionally be able to handle the smaller infrastructure projects on a purely local basis.

¹ FIDIC, Conditions of Contract for Design, Build and Operate Projects, FIDIC “Gold Book”.



Encouragement of the Financial Framework of Stronger Economies to Facilitate and Develop PPP Infrastructure Programmes and the Setting Up of PPP Units within National Governments with Good Inter-Communications

PPPs are tools in addition to traditional procurement infrastructure programmes

One potential solution to encourage the governments of African countries to develop infrastructure programmes to renovate existing infrastructure and develop new priority infrastructure projects, particularly those African countries with stronger economies, which assists with meeting the financial costs of this infrastructure programme, in addition to the infrastructure development financed and contracted through the traditional public procurement and which transfers the majority of the risks of implementing this additional infrastructure programme, is to set up a Public Private Partnership (PPP) Infrastructure Programme. The objective is to attract private investors, contractors, operators and lenders to participate in this PPP infrastructure development programme, in addition to those involved in the traditional public procurement infrastructure programme.

For such a programme to achieve the best results, it is important that it is given full political support from the highest political level. “One off” PPP infrastructure projects can be achieved, but they fail to realise the full benefits of a proper PPP programme, nor attract the interest of foreign investors, contractors, operators and lenders all of whom are looking for a credible on- going PPP infrastructure programme, based on a priority list of sector infrastructure projects usually covering the power, transport, water and sewerage and sometimes the IT sectors. It should be realised that the competition to attract these investors, contractors, operators and lenders is a worldwide competition. PPP can be used also for social infrastructure such as hospitals and schools, but this is less common in Africa, due to its considerable needs in the main



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infrastructure sectors.

To set up a viable PPP programme a number of important actions are required. Apart from preparing a **priority list of infrastructure projects** covering the main sectors, if one is not available, it is necessary that there is a **compatible local legal framework** within which the PPP concession contracts can operate without legal impediment. A **legal review** is necessary to ensure that there are no obstructions or impediments to the operation of PPP concession contracts and preventing PPP projects from reaching financial and contractual close; particularly with reference to existing procurement law, law of commercial contracts, corporate law, tax law, land law, sometimes constitutional law to name a few. To clarify the legal position of PPP, especially where the African country concerned has a local legal framework based on European continental law as opposed to English law, **a separate PPP Law may be required.**

A second important action is to set up a **proper institutional structure** within the government concerned, to manage the PPP programme from the identification of the priority infrastructure project, right through to the maturity of the PPP concession contracts, which may have a maturity as long as 30 years overall. This normally requires a number of supporting actions to be taken. For instance the setting up of a **Central PPP Unit** within the government, to control the whole PPP programme. This involves the role of acting as a “**Centre of Knowledge and Excellence**” for the PPP programme, staffed by fully trained staff experienced in PPP. It also includes the role of acting as a **PPP project credit review and approval centre**, to ensure that all PPP infrastructure projects sent for government approval by the public sector ministry or institution acting as the public sector sponsor of the PPP infrastructure project in question, are technically, economically, legally and financially viable and meet all government policy objectives. An early decision is required from the government as to **where to site such a unit.** Normally they are set up within or under the control of the Ministry of Finance or Treasury, sometimes within the Central Bank or sometimes a Ministry of Infrastructure or



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Public Works. A PPP Project Board also needs to be set up with representatives of all government stakeholders involved in PPP, with a senior Minister as Chairman, to be responsible for all government PPP policy and to review and approve all PPP infrastructure projects and any government support required for particular PPP projects. The Central PPP Unit would act as the secretariat to this Board.

Separate PPP Units can also be set up within the most active Ministries acting as sponsors of PPP infrastructure projects. These Units would handle the priority needs of their particular sector, be responsible within government for the technical requirements of each particular PPP infrastructure project, prepare the necessary feasibility study or “outline business case”, obtain approval to proceed for particular projects via the Central PPP Unit, prepare the necessary bid documents, advertise the project to potential bidders, evaluate the bids received, negotiate with the selected “preferred bidder”, sign the contract and financial agreements on behalf of the government having obtained approval based on a “final business case” again via the Central PPP Unit and then be responsible for monitoring the particular contract and project until maturity of the contract.

Clearly such units will require to be properly staffed to handle their responsibilities. There is an institutional capacity question that arises from the need to set up both the Central PPP Unit and the separate PPP Units within the sponsoring Ministries and Institutions. A **proper training programme** will be required for the staff of these units, with the possible assistance of the multilateral financial institutions and the donor community.

These institutions should also play a greater leading role in establishing a conducive legal and financial framework for PPPs in Africa. In addition to **participating in the equity of PPP project companies** via the IFC, possibly the EIB and the private sector division of the AfDB, providing **guarantee programme support** via the World Bank and AfDB as well as from MIGA for private investors, these institutions could provide greater support via **soft loans and grants for PPP training programmes** to meet



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institutional capacity problems and to support lower income African countries meet their financial commitments under their PPP programmes. There is a need also to provide institutional support to African Governments to **prepare potential PPP projects** for the issue of tender documents, including the preparation of any necessary feasibility studies. Support could also be provided for national PPP programmes, with assistance where possible to establish **PPP infrastructure funds and PPP guarantee funds**, in addition to the ongoing establishment of both African infrastructure and guarantee funds to assist private infrastructure projects. More PPP and private infrastructure projects in Africa could become bankable if more **credit enhancement support** was available from these institutions, to provide a climate of confidence and security for lenders, contractors, investors, operators and insurers. This is even more important currently due to the “credit crunch” and the reduction in the availability of medium and long term finance from private investors and lenders.

An objective of each African government setting up a PPP infrastructure programme, should be to establish good inter-communications between their Central PPP Unit and the Central PPP Units of each other African country which has set up a similar Central PPP Unit, particularly in their own region. This will assist governments in **communicating PPP policies** and seeking **advice** on all aspects of PPP infrastructure programmes, to the benefit of all the African countries concerned, as well as assisting **cross border PPP infrastructure projects**.



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Conclusion

The results of the discussions and debates on the four key topics set out above will be summarised and taken into account in preparing the Declaration that will be issued at the end of the Business Forum. So it is very important that we have very good in depth discussions and debates on all the issues included in these four key topics regarding improving and strengthening domestic and regional infrastructure development, as well as actions to be taken to advance the implementation of those parts of the earlier recommendations not yet achieved.

In addition, there will be a summary of the proceedings of the Business Forum and a new set of Recommendations or focus in key areas made and agreed by the delegates at this Business Forum, for actions to be taken and reviewed at the Fourth Business Forum to be held in two year' time, covering both the advancement of implementation of the earlier recommendations were necessary and the implementation of the new recommendations.



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Annex 1: Status of implementation of EU-Africa Business Forum recommendations.

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WORKING GROUP: Interconnectivity - Infrastructure					
Overall Goals	Project prioritisation and assessment of appropriate financing structures				
	Infrastructure partnerships between European and African private sector				
	Project Sustainability over the project life-cycle (O&M)				
	Establish links between the Business Forum and the existing bodies (e.g. AU, NEPAD, ICA, etc.)				
"ACCRA RECOMMENDATIONS"	PUBLIC SECTOR RESPONSIBILITY	PRIVATE SECTOR RESPONSIBILITY	PROGRESS INDICATOR	TIMEFRAME/ CONCLUSION	ACHIEVEMENTS BY 2009
Prioritise infrastructure projects according to their impact for regional integration and development potential for the continent ("Trans-African Networks")	Partner countries must identify projects of paramount importance for regional integration and development potential; international donors can act as a "catalyst" in identifying priorities with regard to regional /cross-border projects	Private sector should voice its views and give feedback through a formal procedure into the consultation process	Intensify the public-private sector dialogue on project priorities	Consider a private sector representative as observer in the Steering Committee of the EU-Africa Partnership on Infrastructure	<i>EIC has participated as an observer for the EU-Africa Business Forum in the launch of the EU-Africa Partnership for Infrastructure in October 2007 in Addis Ababa.</i> <i>Tender for PIDA launched with EC support through TA for start up phase.</i>
Define appropriate financing arrangements depending on the project's commercial viability and its potential to attract private finance	1) Partner countries and international donors acknowledge the PPP concept as a tool for modernizing infrastructure delivery and ensure the necessary framework; 2) Legitimate concerns of stakeholders have to be addressed; 3) African states should introduce adequate legislation for PPP, e.g. which allows pension funds to invest in	1) Private sector must adapt the experience gained on PPP projects globally to the realities on the African continent, since there is no "one-size-fits-all" approach 2) Private sector should identify projects which would be interesting in terms of PPP in Africa	1) Share experience with African countries and institutions 2) Identify potential PPP projects in the "classic infrastructure" sector on the African continent and enter into a structured discussion with other stakeholders	Create a structured dialogue on PPP between the African Union, the NEPAD Infrastructure Investment Facility and the European infrastructure providers	<i>BizClim supported the Ai Infrastructure Projects Summit, the UMEOA study and the Commonwealth East Africa Business Forum where policies on financing arrangements and projects were discussed and recommendations made.</i> <i>BizClim also implemented a project aimed at boosting PPP models in Comesa and adopting a regional framework.</i>



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	infrastructure				
<p>Involve the local private sector better than in the past into the project cycle;</p> <p>Increase the "local content" depending on the project specifics</p>	<p>1) Facilitate access to credit facilities and other means allowing African private contractors to function effectively and develop their operational skills;</p> <p>2) Partner countries and international donors need to establish coherence between their development policy objectives (Ownership, CSR, international standards, etc.) and the procurement process</p>	<p>Establish joint ventures or other forms of partnerships between European and African infrastructure providers;</p> <p>Transfer know-how to African companies;</p> <p>Involve local suppliers in the supply chain;</p> <p>Employ a maximum of the local workforce;</p>	<p>1) Strengthen the sectorial and/or regional dialogue between European and African companies;</p> <p>2) Procurement rules which foster the involvement of the African private sector, e.g. pre-qualification / evaluation criteria</p>	<p>1) Identify suitable forms of partnerships which foster a closer collaboration between European and African contractors</p> <p>2) Organise a dialogue between the Forum and the Commission on procurement policy</p>	<p>Consultation process has been started by the EIC-EC Round Table on "Infrastructure in ACP Countries" held on 26 March 2009 in Brussels.</p> <p>A central theme of the UEMOA study was the involvement of the local private sector. This has led to the preparation of a roadmap for the development of PPP models in West Africa.</p>



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<p>Ensure project sustainability over the project's life-cycle by integrating the operation and maintenance phase into the project</p>	<p>Partner countries and international donors need to develop innovative procurement methods and selection procedures</p>	<p>Private sector needs to transfer its experience on such projects to the partner countries and to the Commission/bilateral development banks</p>	<p>1) Prepare a list of potential Design-Build-Operate and performance-based projects; 2) Joint analysis of the pilot projects which have been implemented</p>	<p>Use the EU-Africa Partnership meetings to review and monitor the experience gained with innovative procurement methods</p>	<p><i>EIC and EuropeAid have started a technical dialogue on Quality-Assurance and Performance-Based Procurement.</i></p> <p><i>A booklet has been published on best practice in power sector reforms and infrastructure financing.</i></p> <p><i>A PPPI roadmap and a draft model PPP main standard terms and conditions have been prepared for COMESA.</i></p> <p><i>Innovative procurement methods has been an issue dealt with at regional infrastructure forums supported by BizClim.</i></p>
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Annex 2: Agenda for breakout sessions on infrastructure

28th September 2009 (Part 1)

Time	Speaker	Topic
14:30 – 14:35	Moderator	
14:35 – 14:40	Co-Chair African Union	
14:40 – 14:45	Co-Chair European Union	
14:45 – 16:15	Discussion	<p><u>Topic No. 1:</u></p> <p>Best Value for Money on EU-financed Infrastructure Projects in Africa:</p> <p>a) Improvement of the business and competition environment to encourage infrastructure development</p> <p>b) Development of local SMEs to be sub-contractors to major contractors for medium /large infrastructure projects and bidders for the small infrastructure projects.</p>
16:15 – 17:45	Discussion	<p><u>Topic No. 2:</u></p> <p>Innovative Contract and Procurement Models for Infrastructure Projects in Africa (e.g. Performance-Based Procurement, Design-Build-Operate Contracts, Public-Private Partnerships, etc.)</p> <p>a) Encouragement of the financial framework of stronger economies to facilitate and develop PPP infrastructure programmes and the setting up of PPP Units within national governments, with good communication between the different national PPP units.</p>
17:45 – 18:00	Moderator	Preliminary Conclusions



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29th September 2009 (Part 2)

Time	Speaker	Topic
10:30 – 10:40	Moderator	Résumé of Preliminary Conclusions
10:40 – 10:50	Co-Chair African Union	Comments
10:50 – 11:00	Co-Chair European Union	Comments
11:00 – 11:20	Participants	Discussion
11:20 – 11:30	Moderator	Final Conclusions