



# *Partnership to Cut Hunger and Poverty in Africa*

## Investing in Physical Infrastructure: Who Sets the Priorities?

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# Broad Themes



- ⌘ Public investment is justified to support private activity
- ⌘ Public investment priorities should be *demand driven*
- ⌘ Public investments should be linked as much as possible to the goal of *reducing poverty in all its dimensions*

# Why Priority Setting is Important

- ⌘ Making good use of available and promised resources
- ⌘ Attracting new resources to fill the funding gap
- ⌘ Keeping the focus on key questions:
  - ☑ How productive is any investment in fostering private economic activity and meeting other human needs that benefit the poor?
  - ☑ Are better investment options realistically available?

# Why Priority Setting is Hard



- ⌘ Requires making choices across multiple dimensions, including –
  - ☑ Markets and growth versus services to the poor
  - ☑ Area of infrastructure
  - ☑ Type of project
  - ☑ Regional versus local focus of investment
  - ☑ Initial investment versus maintenance
- ⌘ Involves many institutions and decisionmakers
- ⌘ Involves making inherently uncertain predictions of benefit

# Active Venues and Processes for Priority Setting

## ⌘ AU/New Partnership for Africa's Development

- ☑ Comprehensive African Agricultural Development Programme (CAADP) and CAADP compacts
- ☑ NEPAD Infrastructure Medium to Long Term Strategic Framework (MLTSF) Study

## ⌘ African Development Bank

- ☑ Lead African institution for infrastructure coordination and analysis for continent-wide priority setting and project selection
- ☑ Key Africa-based financier of infrastructure

## ⌘ Regional Economic Communities

- ☑ Priorities for regional integration
- ☑ Focusing on interconnectivity of major transport, power and water systems

# Active Venues and Processes for Priority Setting



## ⌘ National and local governments

- ☑ Allocating scarce national and local resources
- ☑ Working through PRSP and regular budget processes
- ☑ Focusing on internal markets and delivery of services to citizens

## ⌘ Sectoral organizations

- ☑ Northern Corridor Transport Coordination Authority
- ☑ IWRM initiatives and “global water partnerships” at region and country levels
- ☑ Numerous electrification and rural energy initiatives

# Active Venues and Processes for Priority Setting



⌘ World Bank

⌘ EU-Africa Partnership on Infrastructure

⌘ Infrastructure Consortium for Africa

⌘ US Millennium Challenge Corporation

# Important Progress on Infrastructure Priority Setting



- ⌘ MDGs provide an agreed framework of goals to guide infrastructure priority setting
- ⌘ Africa has an increasingly robust institutional framework for priority setting
- ⌘ Users and other private stakeholders are gradually getting more involved
- ⌘ Serious attention is being paid to the analysis required for priority setting
- ⌘ Priority setting process is increasingly Africa-owned

# Priority Setting Issues and Challenges: Institutions



- ⌘ Can the AU/NEPAD/AfDB capacity for priority setting be strengthened?
- ⌘ How can the ICA best play its role in aligning donor resources with African priorities?
- ⌘ Are the RECs equipped and adequately empowered to coordinate priority setting and balance competing needs and interests?
- ⌘ What institutional arrangements and capacity are needed to make national-level processes work for priority setting?

# Priority Setting Issues and Challenges: Process



- ⌘ Is there a need to establish more explicit and well-defined decision processes for priority setting?
- ⌘ How can processes for resource allocation and other priority setting be made more transparent and participatory?
- ⌘ How can the full range of private sector stakeholders be heard and have their interests considered?
- ⌘ How can the interests and needs of small-scale enterprises and the poor be brought fully into the process?

# Priority Setting Issues and Challenges: Metrics, Data and Analysis



- ⌘ How can areas of investment and specific projects be rationally compared for priority setting purposes?
- ⌘ What's the right basis for predicting poverty reduction benefits?
- ⌘ What data gaps need to be filled to improve priority setting?
- ⌘ What analytical capacity building is needed in Africa to evaluate poverty reduction benefits before and after investments are made?

# Recommendations



- ⌘ Strive for more rational, data-driven priority setting, but don't expect pure reason to prevail
- ⌘ Make priority setting more *demand driven* by bringing in the voice and knowledge of the African private sector – in all its dimensions and at all levels
- ⌘ Always ask how proposed resource allocations and projects will deliver benefits to the poor

# For more information....



To request a review copy of the draft Partnership report on infrastructure investment, contact:

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