



COMESA Infrastructure Facility

A Strategic Proposal

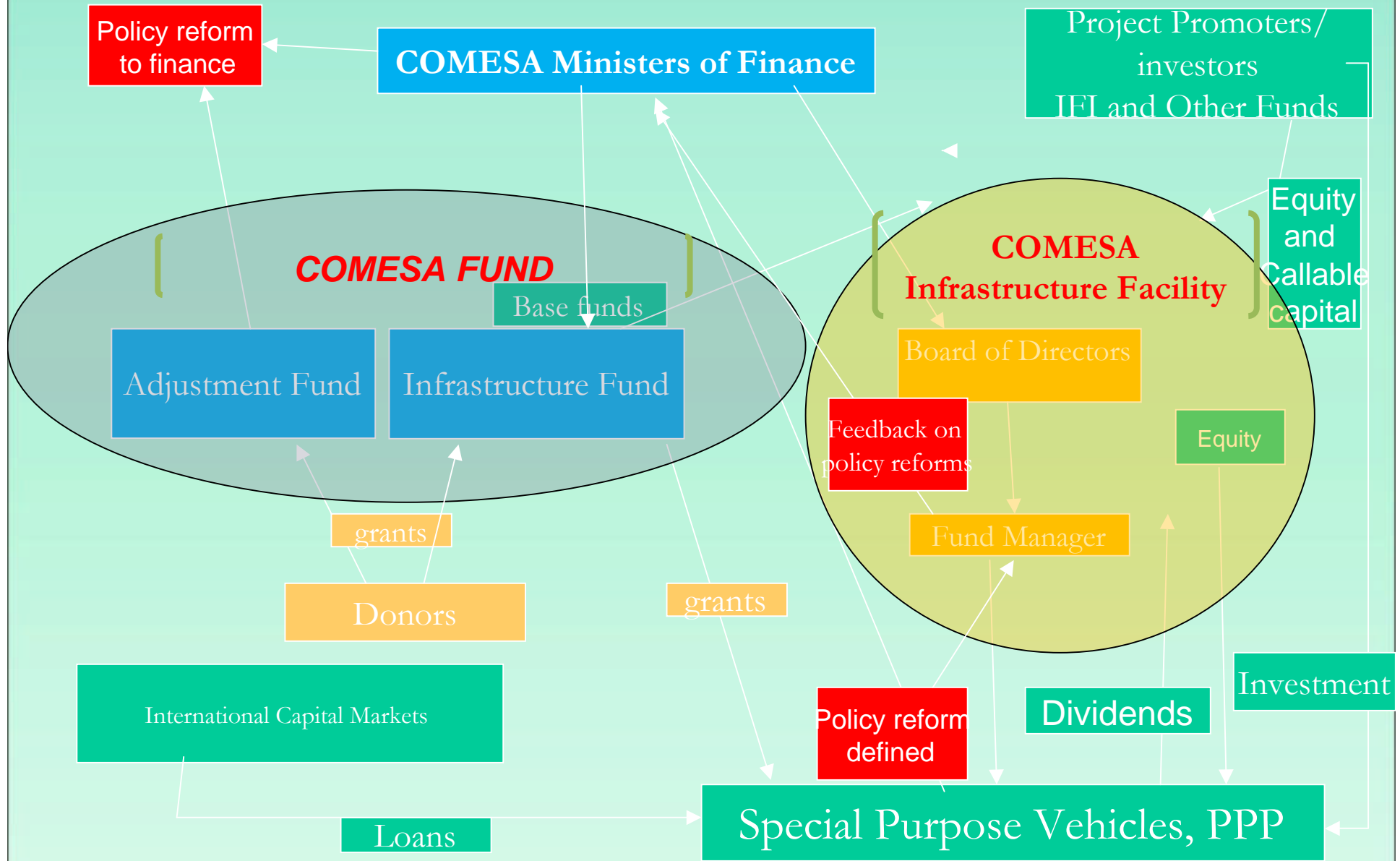
Ali Mansoor,
Financial Secretary, Mauritius & Chair
COMESA Fund Technical Committee

Corporate Council for Africa, Washington DC, October 8, 2008

COMESA Infrastructure Facility (CIF) - Risk Mitigation Mechanism

- Using a public-private partnership framework , the CIF together with the COMESA Fund as a risk mitigation mechanism offers the link to
 - (i) facilitate the establishment of a conducive environment which is business friendly; and
 - (ii) Implement policy and governance reforms
- Emphasis on risk mitigation and policy reform to make already planned (but not financed) projects feasible.
- CIF would engage with project sponsors early in the process to identify regulatory impediments
- Work with concerned Ministers of Finance on reforms

CIF Structure and links to COMESA Fund



CIF – Risk Management Tool

- Ministers of Finance and Project Promoters consider required reforms at CIF
- Policy reforms referred to COMESA FUND Adjustment Fund
- Adjustment Fund provides Budget support for reforms
- Projects implemented faster and with less risk
- CIF thus increases risk adjusted expected return

CIF Status

DONE

- 9 countries (Burundi, Djibouti, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Sudan and Zimbabwe) have ratified the Protocol which is in force.
- The Base Fund has received contributions from Burundi, Djibouti, Kenya and Mauritius
- Euro 78 million allocated by the European Commission to Adjustment Fund to support policy reform

NEXT STEPS

- COMESA moving on ratification and contributions
- Lead Investor required to run the CIF
- Project Promoters and existing Infrastructure Funds to join CIF

CIF - Structure

CIF IS FOR PROJECT PROMOTERS AND EXISTING INFRASTRUCTURE FUNDS

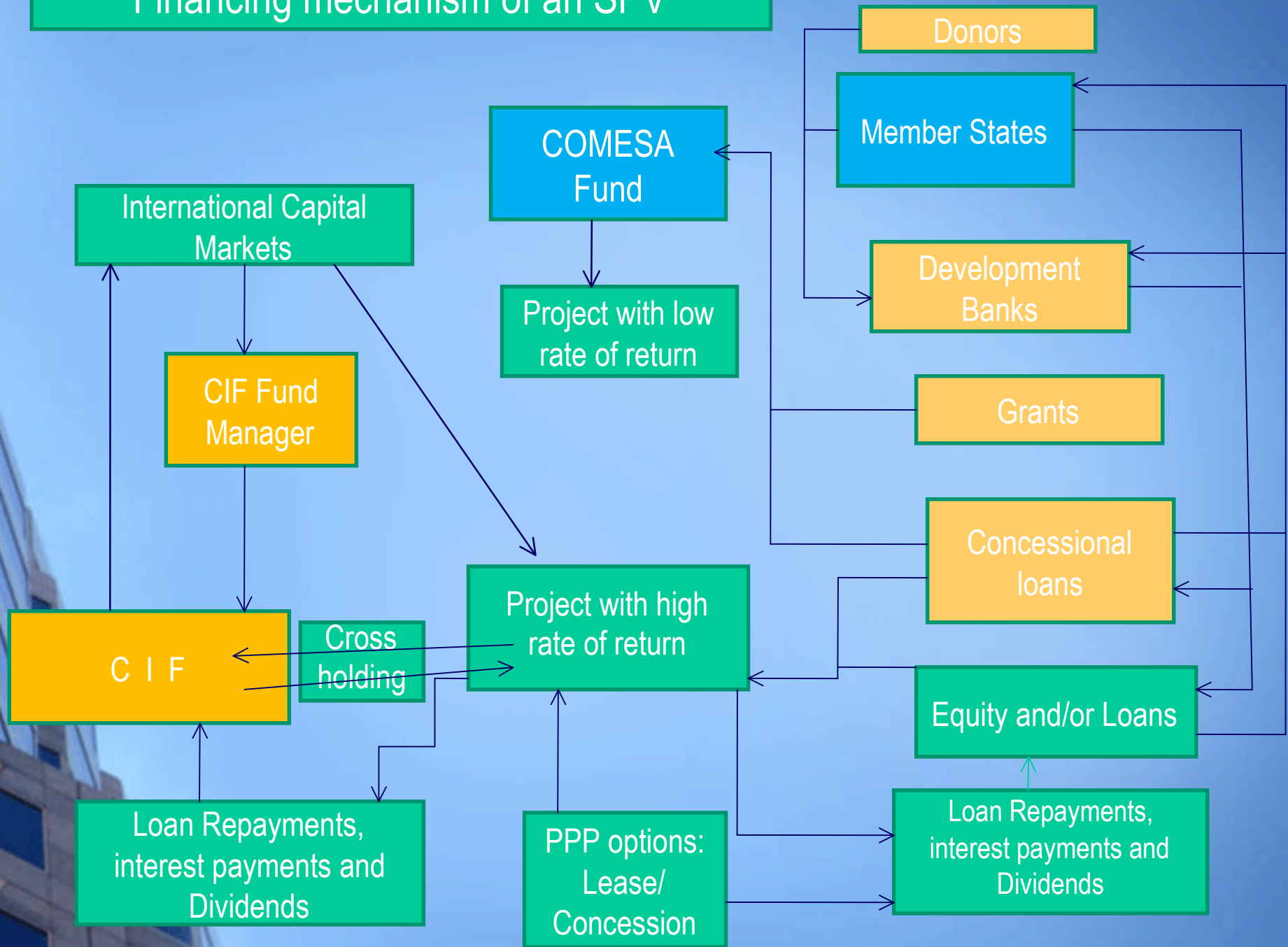
- A public-private partnership facilitated by COMESA
- CIF invests in and supports Regional Infrastructure Projects via Special Purpose Vehicles (SPV), either as Public Private Partnerships (PPP) or purely private investments
- CIF led by premier Infrastructure Fund. Membership open to other Funds and individual project promoters: \$15 million investment for seat on Board
- CIF : open shareholding structure to allow newcomers
- Board : COMESA Ministers of Finance and major investors.
- Initial investment: \$10 million of paid in capital with reliance on callable capital of \$1 billion
- COMESA member countries will take a minority ownership in the CIF

CIF – Making business sense

CIF mitigates risks due to role of Ministers of Finance, COMESA Secretariat & COMESA Fund

- CIF identifies constraints facing each SPV and formulates reform proposal
- CIF works with COMESA Secretariat, Ministers of Finance and the COMESA FUND to provide budget support for reform implementation
- Returns at least as good as individual projects and probably higher due to addressing constraints and synergies from cumulative reform
- To Funds that invest in it, CIF offers a vehicle for safer investment in African infrastructure projects than go it alone

Financing mechanism of an SPV



Projects Pipeline

- The North-South Corridor : runs from North Zambia Copperbelt and South DR Congo to port of Dar-es-Salaam and ports in South Africa.
- SEGANET is an inter-island high speed cable link for the Indian Ocean Commission (IOC) islands.
- The Shire-Zambezi waterway would link Malawi with Mozambique