

INVESTING IN INFRASTRUCTURE IN DEVELOPING COUNTRIES

The G20 supports the recommendations made by the High-Level Panel made up of experts of the private sector chaired by Mr Tidjane Thiam and the development banks to:

- **Build human resources and capacity in developing countries** to prepare a larger number of infrastructure projects that could attract private funding, by supporting, at the High-Level Panel's instigation, a twinning program with businesses from G20 and developing countries;
- **Improve the quality of information available to investors**, by extending in particular the Africa Infrastructure Country Diagnostic database and by launching electronic platforms for sharing information on infrastructure projects to better link project sponsors and investors (particularly the African Development Bank's Sokoni Africa Infrastructure Marketplace Initiative);
- **Improve the quality of the business environment for investors**, by improving transparency in the construction sector (CoST Initiative), by giving more consideration to the impact of infrastructure projects on the debt and growth of developing countries and by urging development banks to move swiftly towards the mutual recognition of their procedures regarding procurement in particular;
- **Diversify and mobilize financing for infrastructure projects** by focusing on funding the preparation of projects, the strengthening of financial markets and financial institutions of developing countries, and the increased use of risk hedging and guarantee tools to enable long-term investors (pension funds, sovereign funds, etc.) to redirect their activities to a new asset class.

The G20 has asked the development banks and the High-Level Panel to identify project on the basis of the following criteria: (i) their impact on regional integration, (ii) political support for a project, (iii) transformational impact, in particular in terms of sustainable development, (iv) project maturity (v) institutional capacity of project sponsors and (vi) lastly project attractiveness for private investors.

After this work, the **G20 decided to highlight 11 exemplary projects**, whose realisation could have a decisive effect on growth, regional integration and access to global markets, if the countries and regional organizations concerned so wish.

These 11 projects are both ambitious, given their potential impact, and realistic, provided that they can be carried out in stages:

■ **Five projects in sub-Saharan Africa:**

- **The Inga Hydropower Site** in the Democratic Republic of the Congo, has the potential to generate 40 GW of power at a cost that is three times lower than other sources on the continent

and could mobilize significant private funds. According to current studies, this major project is to be developed in several stages, starting with the upgrading of existing turbines.

■ **The West African Power Pool** will interconnect power grids across 1,400km in four fragile West African countries (Ivory Coast, Guinea, Liberia and Sierra Leone) servicing 200 million people. The Ethiopia-Kenya Interconnector is seeking to do the same across 1,000km and interconnecting two East African countries (Ethiopia and Kenya) and is the first stage in a more ambitious project that will eventually interconnect all the countries in this sub-region.

■ **The North-South Corridor**, linking Dar-Es-Salaam in Tanzania to Durban in South Africa aims to improve traffic flow and build regional business integration and competitiveness of the continent through the construction and maintenance of roads, railways and ports. This project is also to be carried out in stages, according to the areas and modes of transports involved.

■ **The Isaka-Kigali Railway** will link, by rail, Rwanda and Tanzania, by adding another 500km between Isaka and Kigali to the existing railway thereby significantly improving access to Rwanda and Burundi.

■ Two projects in the Mediterranean region:

■ **The Jordan Railway Project** aims to develop a new railway network interconnecting the major urban areas, ports and entry points of Jordan and its neighbouring countries (Syria, Saudi Arabia and Iraq) and eventually integrate the region into a vast public transport network from Europe and Turkey.

■ **The Mediterranean Solar Plan (MSP)** will develop solar energy in the Mediterranean region and export this energy to European markets. This project concerns five countries (Morocco, Algeria, Tunisia, Egypt and Jordan).

■ Three projects in Asia:

■ They include the **Turkmenistan, Afghanistan, Pakistan and India (TAPI) pipeline**, the **expansion of clean biomass energy generation in Cambodia, Laos and Vietnam (Biomass Energy in the Greater Mekong)** and the creation of an innovative financing fund for infrastructure focusing on regional projects and mobilizing new sources of financing, in particular sovereign funds (**ASEAN Investment Fund**).

■ One project in Latin America:

■ **The Pacific Corridor** is one of the five priority corridors of the Mesoamerican routes interconnecting, across over 3,000km, seven Latin American countries (Mexico, Guatemala, El Salvador, Nicaragua, Costa Rica, Panama, Honduras). It will eventually decrease travel time from eight days to two and a half days from the North to South thanks to the improved quality of infrastructures.