

**Joint Statement
by the
African Development Bank, European Commission, and World Bank**

Support to Africa Infrastructure in Times of Crisis

The global economic crisis poses special risks to the poorest countries. The African Development Bank, the European Commission and the World Bank work to align support to mitigate the impact of the economic crisis. The crisis calls for more coordination of infrastructure development in Africa. This statement outlines the concerns shared by the three institutions and highlights the priority interventions required at this time.

Prior to the crisis, for the first time in 20 years, African countries had enjoyed a sustained period of economic growth. Half of the countries in Africa achieved solid GDP growth rates in excess of 4.5 percent for the period 2001–05, and close to 6 percent in 2006 and 2007. Africa's growth rates during the last ten years were comparable to those in other developing countries (other than China and India). By 2007, the region was attracting unprecedented levels of official development assistance (US\$104 billion), private capital flows (US\$53 billion), and remittances (US\$20 billion).

Africa's recent economic achievements are now severely threatened by the global crisis, with the real danger that poverty will rapidly increase and that the gains of the last decade will be erased. Africa will be impacted in a significant way by the effects of the crisis, and is already beginning to suffer the consequences of falling commodity prices, exports, tourism earnings, as well as declining capital flows and remittances. Africa is expected to grow by 1.7 percent in 2010, much lower than the 5.4 percent recorded over the decade to 2007.

Beyond initial responses, focused efforts of international development institutions and donors would be critical to reducing the impact of the crisis in Africa. Responding to urgent needs, the African Development Bank, the European Commission, and the World Bank have announced their willingness to increase their aid volumes to provide much needed counter-cyclical spending in support of rapid recovery, job creation and to promote long-term growth. In this context, the three institutions call on development partners to support harmonized spending and interventions around the following strategic areas of alignment with proven high impact:

- ***Development of Regional Infrastructure: Transport Corridors, Power Networks and ICT.*** The three institutions commit to support the preparation and implementation of priority regional projects and call for all partners to step up funding for critical regional infrastructure – particularly the so-called *missing links* -- highlighted by the Summit of Heads of State of the African Union at their February 2009 Summit in Addis Ababa. Africa's regional agenda already includes transformational projects with high economic returns. As public budgets contract, contributions to regional projects could suffer in competition with national priorities. More effective road corridors can improve competitiveness of African products. Generation of power and trading through regional pools can significantly cut energy costs. Countries that link-up to submarine cables can halve their costs of international communications.

- ***Maintenance of Existing Assets.*** The three institutions will, as a priority, support preservation of strategic infrastructure assets. Maintenance spending is vulnerable to budgetary cutbacks in a time of crisis. Every dollar spent on road maintenance saves four dollars in rehabilitation. On high-traffic regional corridors maintenance yields economic returns of the order of 100 percent.
- ***Enhancement of policy, regulatory and administrative frameworks.*** The three institutions are committed to help countries in undertaking complementary infrastructure policy reforms. Trade facilitation reforms, liberalization of international gateways, transparent pricing policies, and utility efficiency improvements greatly enhance the economic impact of infrastructure investments.

The three institutions highlight the importance of the ***Infrastructure Consortium for Africa*** as the platform for donor coordination of infrastructure investments.

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