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Developing guidance/ procedure in financing transboundary investments through country programming: Analysis of international experiences with investment project development

COOP-2020-2

## Document Sheet

This Technical Report series publishes results of work that has been commissioned by the member states through the three NBI Centers (Secretariat based in Entebbe- Uganda, the Eastern Nile Technical Regional Office based in Addis Ababa - Ethiopia and the Nile Equatorial Lakes Subsidiary Action Program Coordination Unit based in Kigali - Rwanda. The content there-in has been reviewed and validated by the Member States through the Technical Advisory Committee and/or regional expert working groups appointed by the respective Technical Advisory Committees.

The purpose of the technical report series is to support informed stakeholder dialogue and decision making in order to achieve sustainable socio-economic development through equitable utilization of, and benefit from, the shared Nile Basin water resources.

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## List of acronyms

AUDA	African Union Development Agency
CRIDF	Climate Resilient Infrastructure Development Facility
EAC	East African Community
ENTRO	Eastern Nile Technical Regional Office
ICA	Infrastructure Consortium for Africa
IFI	International Finance Institution
GIH	Global Infrastructure Hub
KOBWA	Komati Basin Water Authority
LHDA	Lesotho Highlands Development Authority
LHWC	Lesotho Highlands Water Commission
LVBC	Lake Victoria Basin Commission
MRC	Mekong River Commission
MSIOA	Multi-Sectoral Investment Opportunity Analysis
NBDSS	Nile Basin Decision Support System
NBI	Nile Basin Initiative
NELIP	Nile Equatorial Lake Investment Programme
NELSAP-CU	Nile Equatorial Lakes Subsidiary Action Programme – Coordination Unit
NEPAD-IPPF	New Partnership for Africa’s Development – Infrastructure Project Preparation Facility
OMVS	Organisation pour la mise en valeur du fleuve Sénégal (Senegal River Development Organisation)
PAU	Project Advisory Unit
PCM	Project Concept Memorandum
PIDA	Programme for Infrastructure Development in Africa
PPP	Public – Private - Partnership
PQL	PIDA Quality Label

PST	PPP Screening Tool (of the World Bank)
QCM	Quick Check Methodology
RBO	River Basin Organisation
RPSC	Regional Project Steering Committee
SDM	Service Delivery Mechanism (of AUDA – NEPAD)
SPV	Special Purpose Vehicle
TCTA	Trans Caledon Tunnel Authority

# 1 Background

In 1999, Nile Basin riparian countries (Burundi, DR Congo, Egypt, Ethiopia, Kenya, Rwanda, The Sudan, Tanzania, and Uganda) established the Nile Basin Initiative (NBI), as a platform to facilitate dialogue on cooperative management and development of the Nile Basin water and related resources. The Nile Basin Initiative (NBI) is a partnership of the riparian states of the Nile comprising Burundi, Democratic Republic of Congo, Egypt, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda. Eritrea is participating as an observer. The NBI seeks to develop the river Nile in a cooperative manner, share substantial socioeconomic benefits, and promote regional peace and security to achieve its Shared Vision of “sustainable socio-economic development through equitable utilization of, and benefit from, the common Nile Basin water resources”. The NBI operates a regional secretariat in Entebbe, Uganda and two sub-basin (SAPs) offices in Kigali, Rwanda and Addis Ababa, Ethiopia.

NBI is mandated to support countries to identify and prepare investment projects in water resources that have been jointly assessed and agreed. The investment projects are in general regionally coordinated and agreed, but they are owned and implemented by the respective countries. While NBI has facilitated implementation of some regionally agreed investments (interconnection of the regional hydropower grids, multipurpose storage and watershed management); it also has a large pipeline of projects that are ready for implementation or for detailed project preparation. According to a generally held perception amongst countries – the pipeline is not moving fast enough to implementation to deliver tangible benefits. This contributes to the potential mismatch between what member countries expect NBI to deliver and what it actually delivers.

Whilst countries expect NBI to quickly deliver additional funding and investment projects, the substantial investments required in the basin’s development can effectively only be leveraged if the countries include projects in national development plans and funding windows. Hence, Member States are encouraged to anchor their NBI investment agenda in national budgets and mainstream it in the various other regional development agendas that Member States have subscribed to.

It is against this background that Nile SEC proposed this study to benchmark good practices in financing of transboundary investments in other basins around Africa and beyond through country programming. The study will also document the success factors and challenges. Using the information generated and building on the existing NBI procedures, the study will document good practices and prepare a guideline/joint procedure (Member states and NBI) that covers what needs to be done from project identification to preparation, fund mobilization and implementation. This aligns well with the proposed actions under strategy 18 of the NBI resource mobilization action plan; and will complement the work NELSAP is already undertaking that is focusing on exploring how best to support member states to access investment funds through the Public Private Partnership (PPP) and Project Preparation Facilities (PPF).

## 2 Approach

This report, and the assignment as a whole is based on a combination of intensive desk-top review of documents and in-depth stakeholder consultations. A multitude of applicable documents were reviewed, including relevant NBI Policies and Strategies and Experience Reports, National level documents, as well as international literature, guidelines, toolkits, and the like. This was complemented by consultations with

- Member States government representatives (serving on respective governance structures)
- National government representatives from relevant national ministries, e.g. ministries responsible for water, finance, and planning
- Staff members of the three NBI centres
- Other stakeholders with experience in investment project preparation and programming (e.g. representatives of other RBOs, PIDA, CRIDF etc.)

Some of these stakeholders were interviewed face-to-face during country/ NBI centre visits, while the remainder were consulted online (Skype interviews). A detailed overview of consulted stakeholders is provided in Annex 2.

The findings from the document review and the stakeholder interviews informed the diagnostic analysis of NBI experiences presented in report 1. This report on international experiences provides an overview of relevant international practice that can be of benefit to NBI and its Member States. It highlights factors that are common and generic, and how they have been dealt with in different contexts (and which NBI can adopt in their processes). The report also highlights elements that might be unique to the NBI situation and identifies good practice that NBI has developed and which other organisations can learn and benefit from.

The cumulative findings from these two assessment reports (on diagnostic and good practices) were used for an analysis to determine if and where there is room for improvement in the way the NBI operates with regards to investment planning and programming. This translated into a set of recommendations, which are summarised in a brief 'recommendations report' and formed the basis for the Guidelines for transboundary investment planning through country programming.

In summary, the findings of the study are presented in four key documents, namely

- a) a diagnostic report documenting current NBI practice (Report 1),
- b) this international good practice report documenting international experiences that could be of use for NBI (Report 2),
- c) a recommendations report (Report 3), and
- d) a guideline document that provides guidance to NBI and the member countries on the project identification, preparation, and implementation process (Report 4).

The draft reports were presented to relevant stakeholders for guidance and validations and benefitted from their valuable comments and contributions.

### 3 Transboundary investment project preparation stages

This study focuses on regional projects, i.e. projects that are either truly transboundary in nature in the sense that they are jointly implemented by two or more Nile basin countries, or national level projects with transboundary benefits and/ or impacts. Typically, the projects discussed in this report therefore involve the NBI (centres), especially NELSAP-CU, as well as national governments throughout the various stages from project selection to operation. The interfaces between NBI structures and national level entities throughout the process are a focus of this report.

In the context of this study, investments are projects for the economic and/ or social development of water resources, as well as for the improved management of water resources. These investments therefore encompass infrastructure projects, as well as various forms of livelihood, catchment management or environmental protection measures. Often, investments are comprised of several or all these components.

Investment projects go through numerous steps from their initial conceptualization to construction and ultimately operation. These steps are commonly structured into stages and the available literature to some degree varies on the number of stages and which steps falls into which stage. The reports produced under this assignment categorize the process into the stages as defined by the Programme for Infrastructure Development in Africa (PIDA). Based on the (creation of the) general enabling environment for infrastructure development (stage zero), the PIDA defines four stages for project development, namely:

Stage 1: Project Definition and Selection

Stage 2: Project Preparation (Feasibility Assessment)

Stage 3: Financial Structuring

Stage 4: Project Implementation (construction and operation)

Several of these stages have several sub-stages (see Annex 3 for full overview), and often the progression from one stage to the next is not strictly linear. There are overlaps in time and content between the different stages, but nevertheless the categorization is useful for conceptual clarity and understanding of the overall progression of project development. The observations in this report are therefore structured into these four stages.



## 4 International experiences and good practice examples

Many of the challenges outlined in the first report for this assignment (diagnostic report on NBI experiences) are mirrored across the continent, and in other parts of the world. To address them, numerous approaches and responses have been developed in different parts of the world. Following the four main project development stages, this section analyses some of the key international experiences pertinent to the NBI situation and gauges to what extent they can guide and support the way the NBI deals with investment project preparation and implementation.

### 4.1 Project selection

The report on NBI experiences identifies project selection as a major bottleneck in the investment project implementation process. Challenges in this stage of project development relate primarily to prioritizing projects that are both technically, environmentally, socially and financially sound, and which have the necessary political backing at government level that allows them to be prioritized in government budget allocation and financing.

#### 4.1.1 Regional/ basin-wide planning

Government commitment, both political and financial, is essential for effective preparation and implementation of projects. This applies even more to transboundary projects where more than one government needs to back up a potential project. Given limited technical capacity to prepare projects and equally limited financial resources, it is crucial that any transboundary project selected enjoys the full support of all the governments that need to implement the project. More so, the consent for the project of other Member States in a basin will reduce potential tension that might lead to obstacles during project preparation and financial structuring of the project.

Identifying and jointly agreeing on priority projects at a basin-, or regional scale, can therefore go a long way in selecting projects with a high likelihood of receiving funding. Especially international financial institutions value consensus between governments on regional/ basin-wide priorities. Investors generally value highly transparency and certainty and seek to understand government's infrastructure plans beyond political cycles as opposed to ad hoc and reactive project selection. Furthermore, without a clear (infrastructure) investment roadmap, political support through the preparation phase is more susceptible to wane as competing priorities arise and stakeholders change. At regional level a clearly developed regional investment roadmap can signal political commitment over the long term and heighten investor interest.

Good examples for regional and/ or basin-wide investment planning exist on the continent. In the Southern African Development Community (SADC) region, joint planning is done both at Regional Economic Community (REC) and at basin-level. At REC level the SADC maintains a rolling 5-years Regional Strategic Action Plan (RSAP) that is currently in its Phase IV (2016-2020). The RSAP is developed through a consultative process among all SADC Member States and jointly adopted by them. The plan identifies numerous transboundary projects, distributed across eight (8) programme areas. The RSAP is an important tool for SADC to engage with the donor community and the fact that the plan is regionally consulted and mutually agreed adds considerable credibility to the plan and the government commitment behind it.

Similarly, at basin-level, several RBOs in the SADC region have developed basin-wide management plans and/ or investment plans. The Zambezi Watercourse Commission has developed a basin-wide plan with jointly agreed investment projects, and the Orange-Senqu River Commission (ORASECOM) and the Permanent Okavango River Basin Water Commission (OKACOM) each have a Strategic Action Programme, i.e. a basin-wide management and investment programme with priority programme areas and investments agreed mutually between the Member States. Each of the RBOs have managed to attract considerable support from donors to fund elements of the basin-wide plan/ programme, with the mutual and high-level political commitment expressed by Member States through the joint plan being a major contributor to the willingness of donors to support these projects.

**Finding A:**

Regional/ basin-wide prioritization of projects expressed through mutually agreed basin-wide plans or investment programmes provide increased leverage for donor support due to the high-level political commitment expressed through these plans.

#### 4.1.2 The PIDA Quick Check Methodology

The process of selecting specific projects for preparation requires the application of sound project screening criteria that take all these aspects into consideration, at national and regional level, and identifying projects likely to be attractive for financing and enjoying necessary government support throughout.

In practice, the selection and screening process

- a) often experiences considerable delays between project conceptualization and preparation,
- b) nonetheless at times identifies projects that eventually fail to get funded because the applied screening criteria are not robust and strict enough, and
- c) does not often identify true national government priorities early and clearly enough.

In this context the recently developed PIDA Quick Check Methodology is a noteworthy approach to address these challenges, as it is meant to provide an early and fast assessment of potential projects aimed at a) identifying projects with a genuine likelihood to get funded, and b) to accelerate the project selection process and enable a faster move towards project preparation works.

The PIDA Quick Check Methodology (QCM)<sup>1</sup> forms part of a process that projects have to go through to be awarded the PIDA Quality Label (PQL), which is a quality recognition by the AUDA-NEPAD Service Delivery Mechanism (SDM). The label is awarded to projects that excel in the preparation of PIDA projects at an early stage. The PQL is implemented through a collaborative process agreed upon by the institutional and financial parties. This goal is achieved by shortening the period needed to reach the feasibility and bankability stages, identifying project preparation bottlenecks and advising project owners on how to

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<sup>1</sup> Following text based on: The PIDA Quality Label: a vehicle of the Service Delivery Mechanism to enhance project preparation

bridge these, and certifying excellence in project preparation with the recognition of relevant PIDA stakeholders.

The PQL requires projects to undergo through three different stages, the first of which is the Quick Check Methodology (QCM):

- **Quick Check (QC) Stage (PQL1):** a first filter will identify project preparation gaps and will help Regional Economic Communities (RECs) and African Union Member States (MS) to structure project information and knowledge.
- **Pre-feasibility Stage (PQL2):** identification of Project Preparation Funds (PPFs) potentially interested in project technical support according to their submission requirements, helping the owners to be considered as eligible for the financing of technical studies.
- **Advanced Stages (PQL3):** facilitate support to project owner to establish bankability of project to strengthen potential financial close of project.

The goal of the QCM is to screen and evaluate candidate projects in a simple and resource-efficient way, making it possible to:

- a) Assist applicants in structuring project information and knowledge
- b) Provide project bottleneck analysis to identify technical advisory so that projects can meet minimum entry criteria for PPF submission
- c) Identify project preparation gaps that may burden and delay the application for funding
- d) Appraise projects with a multidimensional objective approach agreed upon with PIDA stakeholders
- e) Provide applicants with a Project Concept Memorandum (PCM) that addresses the project characterization, strengths and weaknesses to eventually make recommendations for next steps before the project liaises with PPFs.

The QCM methodology consists of the two stages of 'Eligibility' and 'Appraisal'. During the eligibility stage it is checked if the submission complies with basic entry criteria and information requirements, before assessing that the project complies with minimum thresholds defined for key variables. At this stage it is also assessed if any project justification elements are missing. The subsequent appraisal stage evaluates and compares projects according to qualitative components, assessing the project's early-stage weaknesses and strengths and laying out a roadmap for successful access to PPFs. Overall it is estimated that the project can be assessed within 30 days due to the fact that the eligibility and appraisal stages use the same evaluation components and methods.

Once the eligibility and appraisal stages have been determined the QCM evaluates cross-border projects through two distinct lenses that focus on the strategic context and the project itself. Each lens consists of a set of key dimensions, which in turn are determined by the aggregation of relevant components. The 'Strategic context lens' assesses the project's regional impact and support, as well as its agreement with the development and sustainability goals for the region/ basin (regional priority). This lens also assesses

the sector's conditions in the region, addressing its maturity, organization and the governing regulations (sector readiness), and the private sector's interest and readiness to take part in the project.

The 'Project lens' assesses the maturity of the project's feasibility analysis from all the relevant perspectives (project readiness) and assesses the suitability of the project to be undertaken as a PPP, from the point of view of the private sector, the beneficiary Governments and PPFs through three different components (PPP attractiveness).

Each project can be scored for each of the key dimensions. Once the scores of the project have been obtained, the SDM will develop a Project Concept Memorandum to be shared with the applicant. The document will address the characterization and evaluation of the project, as well as the recommendations to successfully advance from the project preparation pipeline to the pre-feasibility phase. Process feedback can be given to the applicant at any moment during the QCM. SDM shall support applicants to advance those projects that are deemed attractive. This early effort in project preparation is considered to be key to the successful development of the project and quick access to feasibility studies.

The QCM is aimed at

- a) **Project Sponsors**, who can benefit from assistance in project structuring at early-stages in order to finance the feasibility stages.
- b) **Project Preparation Facilities**, who can improve the quantity and quality of project applications with more mature concepts and better structured information, facilitating the application evaluation and granting processes.
- c) **Financing Institutions**, who can use the QCM to identify projects concepts that represent an opportunity for financing.

**Finding B:**

The development and application of a Quick Check Methodology (QCM) to assess potential projects early on against a number of clearly defined criteria can assist in a) promoting the 'right' projects, and b) significantly accelerate the project selection process and move projects towards the preparation stage faster.

#### 4.1.3 Harmonization of national planning cycles

The NBI experiences report pointed out that it is critical that transboundary projects, especially expensive large-scale projects, are included in National Development Plans (NDPs) and accounted for in mid- to long-term expenditure forecasts. Failing to align with national planning cycles and including projects in a 5-year plan from the start commonly means that a project cannot be financed from national government in that planning/ funding cycle since it is close to impossible to include sizeable projects once the 5-year plan has been adopted and is being rolled out.

It is therefore critical to identify suitable planning windows for when projects can be integrated into the NDPs. For regional organization such as the NBI this requires having a thorough overview of all the

relevant planning cycles in the Member States, for both the NDPs, as well as national sector strategies and plans. An easily accessible and regularly updated web portal with the relevant information would go a long way in tracking planning cycles and aligning project selection processes with these planning cycles. In the area of health policy, the World Health Organization maintains a global database that tracks national planning cycles and the duration of applicable health policies<sup>2</sup>. While this is in a different sector than water investment planning, the rationale for tracking planning cycles is the same and there is no reason why the same cannot be developed at a regional level for water-related investment planning.

Ideally, the regional harmonization of national NDP planning cycles (for example at EAC level) would reduce risks related to national planning frameworks and cycles. While this is outside the mandate and realm of the NBI itself, it is something that NBI Member States (or at least those that form part of the same REC) can facilitate over time.

**Finding C:**

Easy and consistent tracking (at regional level) of national level planning cycles can assist with better alignment of project selection processes with national level planning frameworks.

## 4.2 Project preparation

### 4.2.1 Project preparation capacity

It has previously been noted (in the NBI experiences report) that project preparation studies under the NBI umbrella are predominantly carried out by external experts and consultants. The result is that there is often limited institutional memory, technical expertise, and understanding of the project available locally once the international consultants move on. This leaves local implementers with inadequate skills and tools to address challenges during the implementation stage, which in turn often results in delays, cost over-runs, sub-standard quality or other complications. The approach of predominantly hiring international consultants, necessitated by a lack of national and regional level capacity, is noted in the international literature on the topic for virtually the entire developing world. The need for developing regional and national level capacity for preparatory work is discussed elsewhere in this report (section 5.3). However, acknowledging that building up local capacity will take a considerable amount of time, it will be necessary to bring in external capacity for some to come.

It is important that the external capacity is used effectively and efficiently to minimize the overall project development time. Internationally this is increasingly done through the establishment of panels (or rosters) of pre-qualified consultants from which consultants are invited to submit simplified technical proposals once preparatory work for a specific project needs to be done. This approach is also proposed for the NELSAP PPF, falling firmly within international best practice. To support the progressive

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<sup>2</sup> <https://extranet.who.int/countryplanningcycles/content/about>

development of expertise in the region, the empanelment of the external consultants should be supported by a well-planned consultant engagement framework that can help attract international consulting firms to invest in building local capacity.

Such an approach to build local capacity was for example used on Phase 1B of the Lesotho Highlands Water Project, where the focus was on job creation, maximising the contracts awarded to Basotho contractors and consultants, and finding local sources for the provision of goods and services. The success of this endeavour is visible in the fact that several viable local consultancies have developed, a large number of local contractors have built up sustainable businesses and the local capacity for implementing further phases of the LHWP has increased dramatically.

**Finding D:**

Pre-qualified panels of consultants/ transactional advisors can reduce project preparation time. Well-planned consultant engagement frameworks can assist in external consulting firms assisting in the building of capacity in the region.

#### 4.2.2 Evaluation of PPP feasibility

Given the limitation of public funding there is an increasing appetite to fund projects through Public-Private-Partnerships (PPPs). PPP projects are typically more complex than publicly funded projects and require substantial upfront project development expenses. It is therefore necessary to understand potential PPP projects as well as possible before proceeding with expensive feasibility studies.

For this purpose, the World Bank has developed a PPP Screening Tool<sup>3</sup> (PST) for supporting governments in upstream project selection to optimize efforts on project preparation and to improve the success rate of projects that go through a bidding process. Excel-based tool that can be applied by contracting authorities, PPP units and practitioners to evaluate a project's suitability for procurement through the PPP route. PST evaluates a project both from a qualitative and quantitative basis and is flexible to the level of information available.

The PST is designed to be operated at the pre-feasibility study level of information along six dimensions, namely Strategic Suitability, Preliminary Feasibility, Risk Assessment, PPP Suitability (VfM, Market Appetite), Fiscal Affordability and Institutional Capability. The tool has a list of questions across six substantive parameters, with some parameters evaluated based on a mix of qualitative and quantitative processes.

The scoring methodology is based on weighted scores to the responses provided. However, to prevent the manipulation of responses, controls are embedded in the tool to ensure scores are moderated if responses were manipulated. PST delivers a score and comments on the project's strengths and identified areas of improvement. In addition, it provides decision support in the form of identifying pre-requisite

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<sup>3</sup> <https://pppknowledgelab.org/tools/tools-assess-whether-implement-project-ppp#ppp-screening-tool>

actions and potential deal-breakers, and provides other suggestions based on the project's strengths and weaknesses<sup>4</sup>.

**Finding E:**

The development of PPP funded projects is particularly complex. The use of available upfront screening tools can identify suitable projects based on robust data and avoid project preparation funds being spend on unsuitable projects.

#### 4.2.3 Funding for preparatory studies

The NBI experiences report points to a key concern in terms of project preparation, this being the almost full reliance on external (i.e. non-national budget) sources for the funding of preparatory studies. This finding is mirrored in the international literature on the topic, noted in numerous reports. However, beyond the renewed call for governments to allocate budget to project preparation there is little evidence of good practice to address this challenge. The proposed NELSAP PPF model would address this challenge in that the funds drawn from the facility for preparatory work are recouped from the project funding when the project goes into implementation. In other words, the funding for the preparatory facility is effectively advanced to the country/ countries for whom the project is being prepared but needs to be included as a project cost in the total cost calculation for the implementation of the project.

**Finding F:**

If successfully implemented, the NELSAP PPF could become a good practice example for increasing government funding to project preparation in a developing country context.

#### 4.3 Project financial structuring

It has been pointed out in the NBI experiences report that the successful conversion rate of projects from concepts to implementation is very moderate as far as the NBI project portfolio is concerned. The same has been noted for PIDA, and for numerous Project Preparation Facilities that are in existence, in Africa and beyond. Access to finance and financial structuring of projects thus remains arguably the biggest bottleneck in investment project implementation.

##### 4.3.1 Project size

In addition to a consistent monitoring of the potential investor landscape and careful tailoring of projects to financiers' funding/ investment priorities, the NBI experiences report also points to the need for developing projects to an adequate size. This sentiment is also highlighted by experiences elsewhere, as the following examples illustrate.

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<sup>4</sup> GIH 2019 - Leading Practices in Governmental Processes Facilitating Infrastructure Project Preparation

A recent CRIDF Guide<sup>5</sup> points out that often livelihood projects, when viewed in isolation, are relatively small-scale interventions that are not bankable or attractive investments. Collectively however, the guide points out, portfolios of these small-scale projects have greater bankability potential given they not only tackle issues of poverty, inclusion and resilience, but also act as an enabler for broader nexus infrastructure development , thus creating impact at both national and basin-wide scale.

The upscaling of projects to a bankable size that is attractive to investors is also supported by experiences with projects developed under the auspices of the Lake Victoria Basin Commission (LVBC). For the Lake Victoria Water Supply and Sanitation (LWATSAN II) Project towns in each country were grouped together (despite at times being relatively far from each other) in order to achieve a more sizeable project component in each country and overall, which improved the project scale and as a result, its bankability and attractiveness to an international financier.

**Finding G:**

Some (type of) projects lend themselves to upscaling to increase their bankability and attractiveness to financiers.

#### 4.3.2 Documenting project benefits

Key to attracting project finance is to convincingly document the economic, financial, social or environmental benefits of a project, or ideally all of these. The more specifically this can be documented, the likelier it is that potential financiers, including the national government, will provide funding for a project. To this end PIDA, with support from the German Government, has developed the PIDA Job Creation Toolkit, which is designed as an on-line platform that enables users to estimate the job creation potential of PIDA and other African infrastructure projects. The initial edition of the Toolkit provides Member States of the African Union with information on PIDA projects that are implemented in their countries or of which they are a direct beneficiary. It is a tangible demonstration that allows users to explore ways in which to maximize job creation from infrastructure projects and opportunities for wider regional economic development. The Toolkit is designed for project owners and their technical partners, as well as policymakers, development partners, and both public and private providers of project preparation support and finance and is envisaged to contribute to both domestic and external financial resource mobilization.

This Toolkit provides an excellent example of how tangible project benefits can be demonstrated. In an environment of constrained financial resources such detailed demonstration of benefits will be required by potential financiers even more than it is already. Especially national governments who have to carefully balance the competing funding interests of different line ministries will increasingly insist on robust documentation of benefits. Hence, while this example is provided in the section on financial resource mobilization/ financial structuring, benefit documentation of this nature should also already be attempted

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<sup>5</sup> Concept Note Guide: Useful Steps & Tools for Livelihood Portfolios and Projects



during the initial project selection and prioritization phase, albeit admitting that at that stage, given the absence of detailed feasibility studies, the assessment might be less detailed than during the resource mobilization stage.

**Finding H:**

Innovative tools for documenting project benefits will increasingly be needed to support financial resource mobilization and country level prioritization of projects.

#### 4.3.3 The role of International Financing Institutions

International Financing Institutions like the World Bank, African Development Bank, and many more, are of course important as direct financiers of projects, be it through grants, loans, or other instruments. Their role, however, can extend far beyond that, as the example of the Lesotho Highlands Water Project shows.

The two national SPVs set up for the project (see detailed description in section 4.4) were charged with the task of raising the required financing in respect of approved project components, and in that process ensure that the most favorable terms are achieved. Much of the funding was raised by loans from both IFIs and commercial banks, with the two governments providing guarantees for the loans.

The Project Authorities designated the World Bank as a coordinator for the fund mobilization programme, and their role in this regard helped to provide comfort to the lenders to the effect that the project was a worthwhile investment opportunity. For the World Bank to accept status equal to that of other banks demonstrated to the commercial banks that the viability of the project was not in doubt.

Further, the World Bank got involved at the invitation of the Government of Lesotho, primarily to strengthen the latter's hand in negotiations of the Treaty and appointment of consultants. With their resources and experience in supporting developmental projects, they were well poised to give guidance as to the tendering and contract award procedures and helped to lend credibility that was essential in generating the necessary confidence on the part of the contractors.

**Finding I:**

Beyond their role as financiers, IFIs can also add credibility to a project, thereby attracting other lenders, level the political playing field between unequal State parties, and provide project implementation experience to assist with capacity building.

#### 4.4 Project implementation

Effective and efficient institutional arrangements are important for successful project implementation. These institutional set-ups are generally fairly complex given the amount of coordination that is required across sector line ministries and the degree of specialized skills required to deliver a project. An added

element of complexity is added for transboundary projects where coordination is required not only at national level, but also between two or more governments. Some of the different models established in Africa are described below.

#### 4.4.1. Institutional models

The Lesotho Highlands Water Project (LHWP) is a multi-phased project to provide water to the Gauteng region of South Africa (the country's economic heartland) and to generate hydro-electricity for Lesotho. It was established by the 1986 Treaty signed by the governments of the Kingdom of Lesotho and the Republic of South Africa and constitutes the biggest international water transfer project in the world. The project entails harnessing the waters of the Senqu/Orange River in the Lesotho highlands through the construction of a series of dams for the mutual benefit of the two countries. Phase I of the project was completed in 2003 and inaugurated in 2004, and Phase II is currently underway.

The 1986 Treaty governs the design, construction, operation and maintenance of the Lesotho Highlands Water Project and the export of water to South Africa. The Treaty also established a comprehensive governance structure for the implementation and subsequent operation of the project. This structure comprises

- a) the Lesotho Highlands Water Commission (LHWC), which is a bi-national body representing the two governments. It is responsible and accountable for the project, acts on behalf of and advises the governments and is the channel of all government inputs relating to the project. The LHWC also monitors the activities of the LHDA and TCTA against milestones and performance indicators agreed with the relevant boards and oversees the activities of the LHDA and the TCTA. In the case of the TCTA, this is only for activities related to the LHWP;
- b) the Lesotho Highlands Development Authority (LHDA), which was set up to manage the part of the project that falls within Lesotho's borders. As the project implementing authority, the LHDA is responsible for the implementation, operation and maintenance of the components of the project in Lesotho, including the social, environmental and economic developments of the project such as resettlement, compensation, the supply of water to resettled villages, irrigation, fish hatcheries and tourism. In addition, LHDA is responsible for raising the funding for the hydropower component of Phase II, and
- c) the Trans-Caledon Tunnel Authority (TCTA), which is responsible for the implementation, operation and maintenance of the components of the project in South Africa. TCTA is also responsible for raising the funding for the water transfer component of Phase II.

In essence, the governments took individual responsibility for the respective part of the project that is within their territory and established a joint oversight body that holds both specialized agencies (essentially special purpose vehicles for the project) accountable.

It is noteworthy that the TCTA, from its beginnings as a project specific SPV has since morphed into a state-owned entity with the general mandate of financing and implementing bulk raw water infrastructure projects. To this end, TCTA designs bankable projects, raises funding in capital markets, manages debt and implements infrastructure rollouts. It is a specialised liability management body the government uses to finance and build dams and transfer schemes off budget while within an acceptable risk framework and in the most cost-effective manner. This financing mechanism reduces the borrowing requirements of the government and allows it to pass the cost of infrastructure onto the consumer in line with the “user-pay principle”.

**Finding J:**

Project specific SPVs hold the potential to become specialized infrastructure agencies, given the highly specialized skills and experience they gain over time.

A different institutional structure was set up for the implementation of the Komati Basin Development Project between eSwatini (then Swaziland) and South Africa. The project is a phased water resources development project that in its first phase comprised the construction of two multi-purpose dams (predominantly for irrigation, but with a peak power generation component), Driekoppies dam South Africa and Maguga dam in eSwatini.

Instead of setting up two national level SPVs (like for the Lesotho Highlands Water Project), the parties in this case opted to establish a bilateral company, the Komati Basin Water Authority (KOBWA) to implement the project. Operationally KOBWA has several technical divisions under the overall management of a CEO. The CEO reports to the KOBWA board, which comprises six members, three each from eSwatini and from South Africa. The company board reports to the bilateral Joint Water Commission between the two countries.

KOBWA was responsible for overseeing the preparation and construction of the project, and since completion of the construction period is now operating the project. The latter entails the operation and maintenance of the dams and related infrastructure, planning and management of all activities on the bulk infrastructure, system operation, systems development and emergency preparedness. The company is also responsible for the full control of and repayment of the loans, budgeting and financing local level development projects and procurement for these projects.

A different model again was used for development of the Senegal River Basin shared between Guinea, Mali, Mauritania and Senegal. Here the OMVS was set up as an autonomous body independent from any of the basin States. Through its structures, the OMVS is charged with implementing the Senegal River Convention; promoting and coordinating development studies and works on the Senegal River Basin within the Member States; and carrying out all technical and economic functions conferred to it by the Member States.

The OMVS Council of Ministers sets priorities and formulates the policies for managing the Senegal River, developing its resources, and promoting the cooperation of states around the Senegal River. The decisions of the Council are binding on the Member States and are implemented under the auspices of the OMVS High Commissioner. This includes the allocation of water rights among the Member States and different sectors, including industry, agriculture, and transport.

The OMVS, through its subsidiary companies, owns the dam infrastructure managed by the Commission and is also in charge of developing and implementing new projects, such as the Gourbassy dam for which feasibility studies have recently been completed and construction tendered.

**Finding K:**

There are numerous different examples of suitable institutional set-ups for the implementation of transboundary investment projects. The different models heavily depend on the expected task for the organization, their mandate, and the overall degree of cooperation and/ or regional integration between the project partners. It is important that each structure is carefully tailored to the specific requirements of the project.

#### 4.4.2 On-the-ground experiences during project implementation

The experiences with on-the-ground management of project implementation are as manifold as there are projects. Nevertheless, some experiences have been summarized and presented as lessons learnt for two of the major water resources development projects in southern Africa, which likely would be beneficial for projects in the Nile Basin.

For the Lesotho Highlands Project it was noted that

1. it is critical that the oversight and implementation responsibilities on a large development project should be clearly delineated and be separate functions;
2. Costs and benefits need to be shared in an equitable and clear manner. Contracts and financing arrangements require careful planning. Tight procurement processes should be institutionalised to prevent corruption, while whistle blowing should be encouraged
3. Socio-environmental programmes require careful planning, rigorous implementation, and phased exit strategies that are clear to all concerned. It is important to do the environmental impact assessments and action plans before any construction starts. At the same time, resettlement and compensation policies should be clear, transparent and adaptable. Communication channels to the affected communities need to be established and utilised at the outset. A rigorous complaints procedure has to be in place too, so that any concern or grievance can be dealt with as soon as possible. Compensation officers have to be empowered to settle minor claims immediately.

A lessons learnt case study<sup>6</sup> for the Komati Basin Development Project highlighted some lessons learnt from what was retrospectively viewed as sub-optimal practice, which was subsequently adapted and led to much better outcomes with very high acceptance from the affected stakeholders. Specifically, the example relates to community resettlement for a dam project. The initial concept foresaw the resettlement of affected communities to alternative sites identified and selected by the project proponents, with houses at these sites being designed and constructed for the communities by the project developer. It emerged over time that this did not lead to good buy-in from the communities, because communities were given no real choice as to where they wanted to relocate to and how they wanted to live. Subsequently the resettlement concept was adapted, guided by the principle that communities must be 'better off' after resettlement. Part of 'better off' was understood to mean that the communities had a wide range of choices concerning their resettlement. This included the location of alternative housing, the design and method of constructions, the livelihood options they wanted to pursue, etc. Communities were also given construction vouchers, which allowed them to get compensated for the construction of their own houses at the rate a commercial contractor would have been paid. This allowed many resettled homesteads to earn additional income through self-building instead of using contractors. The key finding from the initial poor experience is that a high degree of involvement of affected stakeholders will likely lead to better and more accepted outcomes. Projects need to be able to flexibly adjust to community needs throughout the project duration. Flexible engagement with stakeholder concerns and adjustment of project approaches accordingly will ultimately result in greater stakeholder buy-in, which in turn reduce project delays and related cost increases.

Other general lessons from the Komati Basin case study are that

1. An established degree of cooperation between riparian states is critical for successful project implementation.
2. Keeping implementation decisions at the technical level as much as possible without political interference (but while maintaining political will) is beneficial to efficient project implementation.
3. Continuity of members in project oversight and management bodies is extremely important.
4. Participation of communities in decision-making during project implementation – especially on issues of resettlement and compensation – is crucial and can contribute to avoiding project implementation delays and cost escalations
5. Minimising social impacts during the construction phase (of large-scale infrastructure) is important.

**Finding L:**

Projects in other parts of the continent can provide valuable experiences and guidance and learning exchange between basins should be encouraged.

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<sup>6</sup> Dams and Development: The KOBWA Experience

## 5 Crosscutting issues

The aspects discussed in the following sections are cross-cutting and apply, to a smaller or larger extent, to all four phases of project development. Some of them have already been pointed at in the phase-specific section above. They nevertheless need highlighting given their importance and to illustrate that they are ongoing efforts that ought to be maintained from the development of the first project concept note to completion of project implementation.

### 5.1 Project promotion

The NBI experience report highlighted that an important part of accessing finance is effective promotion of the project to potential financiers and ongoing engagement with a wide range of stakeholders such as government ministries, regional bodies, financiers, communities in the project area and others. For the promotion of projects, the important role of 'project champions' is increasingly being recognised. The CRIDF Guide points to project champions as being critical to the sustainability and viability of projects since they are the ones who will continue to advocate for the project and accompany the project through its development.

PIDA also has endorsed the concept of project champions through the Presidential Infrastructure Champion Initiative (PICl) that sees several African Presidents championing key infrastructure projects in their respective countries. The champions are meant to bring visibility, unblock bottlenecks, coordinate resource mobilization, provide leadership and ensure rapid project implementation.

While not all projects might require a champion quite at the level of the President, identifying project champions at Minister or Permanent Secretary level is likely to bring the above-mentioned benefits. Such high-level champions will also likely increase the awareness of projects across sector ministries and provide a better avenue for bringing the project to the attention of the ministries of finance to highlight it for prioritization and budget allocation at national level.

#### **Finding M:**

Appointing high-level project champions holds the potential to raise awareness of projects and increase their chances of being financed.

### 5.2 Coordination

The need for more effective inter-sectoral coordination at national and transboundary levels was highlighted in the NBI experiences report. In this context many stakeholders pointed to the positive example of the EAC governance structure, which are viewed as substantially more effective than the NBI ones.

The two main reasons cited for that are that the EAC structures are by design more inter-sectoral, having established a Coordination Committee that coordinates community-wide implementation of activities agreed on by the Summit (of Heads of States) or Council (of Ministers). Likewise, the EAC structures are pitched at a high political level, with its Council of Ministers (for EAC Affairs), Sectoral Council of Ministries, and a Coordination Committee at Permanent Secretary. Together these two factors lend themselves to assuring better integrated planning across sectors, and better awareness and ownership at high political levels of jointly agreed projects and programmes, which are precisely two of the key ingredients identified as often missing in the NBI experience.

**Finding N:**

Intersectoral coordination structures at senior political level improve integrated long-term planning and provide platforms for raising the profile of regionally agreed invest programmes and projects.

### 5.3 Capacity

The lack of adequate capacity related to all four phases of project development was noted in the NBI experiences report as a considerable constraint. The report also noted this constraint to be more pronounced at the national level, with most capacity concentrated at regional level (i.e. NBI centres). An assessment of international experiences confirms this trajectory, both in terms of degree of bottleneck it provides, as well as in terms of the concentration of capacity at regional level.

A common approach continues to be that capacity is provided in the form of technical assistance components that complement infrastructure development projects. Such technical assistance is usually provided by external providers (consultants) and limited to the duration of the programme. An example is the Lake Victoria Basin IWRM Project. One component of the project is the implementation of four High Priority Investment (HPI) infrastructure projects. Each of the HPIs is implemented at national level through designated national project execution agencies. Throughout the entire implementation period these national agencies are strongly supported by the Lake Victoria Basin Commission (LVBC). To do so the LVBC has contracted two consortia of support consultants (funded from the overall project grant) who provide support to the LVBC at regional level and to the national agencies at country level. This approach is effective in that it brings in the required technical expertise with immediate effect and provides effective support, but on the other hand it is limited in time to the duration of the programme and, despite capacity building programmes being built into the approach, relies essentially on external expertise with limited build-up of permanent capacity in the recipient countries.

In comparison, the Project Advisory Unit (PAU) being established at NELSAP-CU is not linked to only a specific project or programme and designed to build, increase and maintain capacity over a long period of time and independent from specific projects and funding programmes. If successful, this would provide an excellent example of regional best practice that is to be encouraged for replication. Nevertheless, this addresses primarily capacity at regional level and national level capacity building remains as critical as ever. To this, both a strong NELSAP PAU and the capacity building components implemented by external consultants can contribute.

**Finding O:**

While external capacity brought in for specific projects remain important, more project-independent capacity needs to be built up over time. The NELSAP PAU holds potential to become a good practice example in this respect.

#### 5.4 Visibility and value addition of regional actors

The NBI experiences report pointed to the challenge for NBI to adequately highlight their valuable contributions to project development across the four project stages. This is indeed a challenge generally experienced by regional actors. For example, the mid-term evaluation of PIDA pointed to a need to raise awareness among PIDA water project stakeholders about the value PIDA can add and that PIDA should actively market the project planning, preparation and implementation instruments at its disposal. Likewise, the evaluation of the African Water Facility (at the AfDB) highlighted that the facility as a regional actor suffers from stakeholders not fully understanding and valuing its contribution.

This common thread of ‘under-valuation’ by (national) stakeholders of regional actors can only be rectified by clear, transparent, and ongoing awareness-raising activities conducted by the regional actors. Importantly, generally, but also in case of the NBI, this needs to go beyond their usual counterparts – who generally already know of and value the contribution of the NBI – and target senior decision-makers in national ministries with a great influence on planning and financial allocation decisions, i.e. including ministries responsible for planning and finance.

Such awareness raising should be supported by technical means, as well as project promotion through designated project champions.

##### 5.4.1 Project tracking tools

It would be beneficial for NBI to track (and publish in a transparent and easily accessible manner) the status of each project in its pipeline (similar to the benefits of the database on national planning cycles - see section 4.1.3). Such a project dashboard is for example maintained by the Mekong River Commission<sup>7</sup> (MRC) where all potential projects that have been identified by countries are tracked according to their status in terms of the notification and/ or consultation process. While the focus of the dashboard is slightly different in that it tracks the notification status, the same principle can be applied to the status of each project in terms of its stage in the project preparation. Such is done for example by PIDA, which provides an update of the status of each project in the PIDA project portfolio<sup>8</sup>.

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<sup>7</sup> <https://portal.mrcmekong.org/procedure/pnpca-projects>

<sup>8</sup> <https://www.au-pida.org/pida-projects/>



Such databases help in getting a better overview of projects being planned and allows regional actors to coordinate, gauge shared priorities, facilitate consensus, and advance the projects with the best compliance with environmental and social requirements and which have the best chances for development. Once a project advances towards preparation, financial structuring and eventually implementation, the database will provide a transparent overview of how long each project stays in the respective stages, which can assist in identifying bottlenecks and potential means to overcome these. Furthermore, a dashboard of this nature would also greatly facilitate the development of an annual project portfolio review report, which the NBI could develop for Member States and financiers alike and which would assist the NBI in showcasing the value that the organization provides to Member States in getting projects from concepts to implementation.

**Finding P:**

The creation of an accessible online dashboard where the implementation status of each NBI pipeline project can be tracked would assist NBI in showcasing the value added by the organization in terms of project development.

#### 5.4.2 NBI champions

In showcasing the important role played by the NBI and the value addition to project implementation provided by them, the NBI could also benefit from NBI champions in government, similar to the concept of project champions described earlier in this report. It is acknowledged that the NBI has appointed desk officers in each Member State. However, these are typically at lower to medium ranks in the ministries whereas the NBI champions proposed here would be placed at a much higher level, i.e. Ministers or Permanent Secretary level. The stakeholder consultations for this assignment have illustrated that awareness of the NBI and its work is mostly confined to the line ministry responsible for water (and at times agriculture, and/ or energy) and does not reach into the ministries of planning and finance, who are critical for the absorption of water related investment project into long-term development planning and commensurate budget allocations. An NBI champion at very senior level could create that cross-sectoral awareness at cabinet or senior ministry level. To do so, the NBI champions would have to be part of a coherent and consistent communication strategy backed up with solid data and a convincing narrative (e.g. annual NBI investment portfolio status report etc.). Ideally these NBI champions would be embedded in a strengthened high-level, inter-sectoral regional coordination structure as described above (section 5.2).

**Finding Q:**

The concept of project champions could be extended to the appointment of NBI champions within national governments who promote the NBI and its activities at cabinet or senior government level.

## 6 Conclusion

The challenges experienced in the Nile basin at the different stages of project development are not unique to the region. The review of international experiences shows that these challenges are mirrored in other parts of the continent and beyond.

It is therefore important for the NBI to gauge how the current approaches and practices compare with international good practice. This report shows that overall the NBI operates in accordance with good international practice. There are however some areas where a fine-tuning of the current mode of operation can possibly improve various aspects of project development, and some tools and methods for that are describe in this report, and presented as recommendations in Report 3 of this assignment (recommendations report).

At the same time, some of the NBI approaches and newly developed concepts such that the operations of the planned NELSAP PPF hold the potential to become standards for good international practice themselves.

## Annex 1: List of consulted documents

1. Acholi Community Greater Magwi County Torit State – The Republic of South Sudan/ Position Paper on the Limur/Nyimur Multipurpose Water Project
2. Aide-Memoire of the Consultative Meeting of Key Stakeholders – Limur/ Nyimur Multipurpose Water Resources Project
3. African Water Facility Evaluation Synthesis Report (Draft)
4. AMCOW - Evaluation of the Implementation Status of Water-related Projects of the Programme for Infrastructure Development in Africa (PIDA)
5. and Formulation of respective Action Plans
6. CRIDF: Concept Note Guide: Useful Steps & Tools for Livelihood Portfolios & Projects
7. Global Infrastructure Hub - Leading Practices in Governmental Processes Facilitating Infrastructure Project Preparation
8. ICA – Effective Project Preparation for Africa’s Infrastructure Development (2014)
9. KOBWA – Dams and Development: The KOBWA Experience
10. Lake Edward and Albert Integrated Basin Management and Investment Plan
11. Letter of Agreement between NEPAD-IPPF & NBI/ NELSAP-CU on the Preparation of the Angololo Water Resources Development Project
12. NBI – Building on Shared Benefits – Transforming Lives in the Nile Basin
13. NBI Financing Strategy
14. NBI Resource Mobilization Action Plan
15. NBI Strategy 2017-2027
16. NBI Basin-wide Program (2017 – 2022)
17. NBI/ NELSAP-CU Project Advisory Unit and Project Preparation Fund – Concept Paper
18. NEL MSIOA – Indicative Investment Strategy and Action Plan
19. NELIP Projects Strategic Analysis
20. NELIP – agreed project screening criteria
21. PIDA PAP Progress Monitoring Indicator Protocol
22. PIDA Progress Report 2019
23. The PIDA Quality Label: a vehicle of the Service Delivery Mechanism to enhance project preparation

## Annex 2: List of consulted stakeholders

Name	Organisation	Position	Contact details	Method of consultation	Date consulted
<b>NBI centres</b>					
Dr. Abdulkarim Seid	NBI (Nile-SEC)	Deputy Executive Director	<a href="mailto:aseid@nilebasin.org">aseid@nilebasin.org</a>	Meeting	continuous
Tom Waako	NBI (Nile-SEC)	Programme Officer	<a href="mailto:twako@nilebasin.org">twako@nilebasin.org</a>	Meeting	continuous
Dr. Maro Andy Tola	NBI (NELSAP-CU)	Programme Officer – Water Resources Management and Development	<a href="mailto:matola@nilebasin.org">matola@nilebasin.org</a>	Meeting	5-Mar
Polycarp Onyango	NBI (NELSAP-CU)	Communications Officer	<a href="mailto:ponyango@nilebasin.org">ponyango@nilebasin.org</a>	Meeting	5-Mar
Eng. Sammy Osman	NBI (NELSAP-CU)	Water Resources Engineer	<a href="mailto:sosman@nilebasin.org">sosman@nilebasin.org</a>	Meeting	5-Mar
Alphonse Kizihira	NBI (NELSAP-CU)	Finance and Administration Manager	<a href="mailto:akizihira@nilebasin.org">akizihira@nilebasin.org</a>	Meeting	5-Mar
Daniel Chonza	NBI (NELSAP-CU)	Senior Economist M and E Specialist	<a href="mailto:edchonza@nilebasin.org">edchonza@nilebasin.org</a>	Meeting	5-Mar
Teshome Atnafie	NBI (ENTRO)	Senior Regional Project Coordinator	<a href="mailto:tatnafie@nilebasin.org">tatnafie@nilebasin.org</a> ; <a href="mailto:teshomeatnafie@gmail.com">teshomeatnafie@gmail.com</a>	Meeting	12-Mar
Awoke Kassa	NBI (ENTRO)	M&E Officer		Meeting	12-Mar
<b>Member States Governments</b>					
Dr Florence Grace Adongo	Ministry of Water & Environment (Uganda)	Director - Water Resources Management; TAC Member	<a href="mailto:florence.adongo@mwe.go.ug">florence.adongo@mwe.go.ug</a>	Meeting	2-Mar
Sowed Sewagudde	Ministry of Water & Environment (Uganda)	Principal Water Officer		Meeting	2-Mar
Wycliff Tumwebaze	Ministry of Water & Environment (Uganda)	Principal Water Officer & National NBI Desk Officer		Meeting	2-Mar
Eng. Disan Ssozi	Ministry of Water and Environment (Uganda)	Commissioner - Water and Environment Liaison		Meeting	2-Mar
Dr. Tom Okurut	National Environment Management Authority (Uganda)			Meeting	2-Mar

Eng. Gilbert Kimanzi	Ministry of Water and Environment (Uganda)	Commissioner - Water for Production	gilbert.kimanzi@mwe.go.ug; gjkimanzi@gmail.com	Meeting	3-Mar
Jackson Twinomujuni	Ministry of Water and Environment (Uganda)	Commissioner - International and Transboundary Water Affairs	jackson.twinomujuni@mwe.go.ug; jk.twinomujuni@gmail.com	Meeting	3-Mar
Eng. Edward Baleke Ssekulima	Ministry of Energy and Mineral Development (Uganda)	Principal Energy Officer - Energy Supply	<a href="mailto:ebaleke@energy.go.ug">ebaleke@energy.go.ug</a> ; <a href="mailto:balekessekulima@gmail.com">balekessekulima@gmail.com</a>	Meeting	3-Mar
Ashaba Hannington	Ministry of Finance, Planning & Economic Development (Uganda)	Commissioner	hannington.ashaba@finance.go.ug; ashabakh@yahoo.co.uk	Meeting	3-Mar
Sylvester Timbissimirwa	Ministry of Finance, Planning & Economic Development (Uganda)	Water Focal Point		Meeting	3-Mar
Jacqueline Nyirakamana	Ministry of Environment (Rwanda)	Transboundary Water Resources Cooperation Specialist	jnyirakamana@environment.gov.rw; nyirjacqueline@yahoo.fr	Meeting	6-Mar
Francois Xavier Tetero	Ministry of Environment (Rwanda)	Head of Water Department & Nile TAC Member		Phone call	6-Mar
Marc Manyifika	Ministry of Environment (Rwanda)	Director General of Land, Water and Forestry, Directorate General		Meeting	6-Mar
Francis Wajo	Ministry of Water Resources and Irrigation (South Sudan)	Director for Policy, Sector Coordination and Regulation	franciswajo@yahoo.com	Phone call	6-May
<b>Other Stakeholders</b>					
Andrew Takawira	GWP & CRIDF		<a href="mailto:andrew.takawira@gwp.org">andrew.takawira@gwp.org</a>	Skype call	11-Feb
Dr. Malte Grossmann	GIZ	Head of Project - Transboundary Water Cooperation in the Nile Basin	<a href="mailto:malte.grossmann@giz.de">malte.grossmann@giz.de</a>	Meeting	3-Mar
Dr. Lovisoa Razanamahandry	AUDA		<a href="mailto:Lovasoar@nepad.onmicrosoft.com">Lovasoar@nepad.onmicrosoft.com</a>	Skype call	9-Mar
Dr. Arumugam (Morgan) Pillay	GIZ	Senior Infrastructure Technical Financial Advisor (PIDA)	<a href="mailto:arumugam.pillay@giz.de">arumugam.pillay@giz.de</a>	Skype call	9-Mar

## Annex 3: PIDA Project Stages and Key Milestones

<b>Code</b>	<b>Name</b>	<b>Description</b>	<b>Key Milestone(s)</b>
S0	Enabling Environment and Needs Assessment	Development of relevant policies, laws, regulations and institutions and capacity and consensus building that allow and support the development of projects.	
S1	Project Definition	This phase includes part of the early stage concept design work needed before the pre-feasibility phase encompassing concept note development, ToRs for Pre-feasibility study, finalizing project grant agreement, setting up a project coordination mechanism and finalizing a project information brief.	Concept Note
S2A	Pre-Feasibility	This stage encompasses successful completion of activities focused on acquiring support for basic and technical financial modeling; conducting of due diligence and finalizing of the pre-feasibility studies	Pre-Feasibility Study
S2B	Feasibility	This phase encompasses activities focused on completing the feasibility study which covers organizational, financial, technical, social, environmental and other aspects of the project, securing its approval; drafting and finalizing ToRs for technical advisory services; conducting detailed project engineering designs and conducting detailed financial modeling for the project.	Feasibility Study

<b>Code</b>	<b>Name</b>	<b>Description</b>	<b>Key Milestone(s)</b>
S3A	Project Structuring	This phase involves creating the appropriate commercial and technical structure for the project crucial not only for attracting finance, but also for attracting the right mix of finance, development of financing options and development of an overall commercial structure and preliminary legal structuring.	Financial Structuring Plan
S3B	Transaction Support & Financial Close	This phase involves creating the appropriate commercial and technical structure for the project crucial not only for attracting finance, but also for attracting the right mix of finance, development of financing options and development of an overall commercial structure and preliminary legal structuring.	Project Funding Approved; Credit Enhancing Mechanisms in place
S4A	Tendering	This phase encompasses activities on preparation of tender documents, identification of construction financing methodology and the tender opening and bid evaluation processes and the awarding of the tender.	Tender Documents Prepared and Approved
S4B	Construction	Construction and physical implementation on the infrastructure project commences	Consulting Engineer Contracted; Construction Contracts signed
S4C	Operation	The infrastructure is operational at this stage.	To be defined per sector and per

Code	Name	Description	Key Milestone(s)
			project during Evaluations





ONE RIVER  
ONE PEOPLE  
ONE VISION

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