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Developing guidance/procedure in financing transboundary investments through country programming: Report on consolidated findings and recommendations

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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

CRIDF	Climate Resilient Infrastructure Development Facility
ENTRO	Eastern Nile Technical Regional Office
ICA	Infrastructure Consortium for Africa
IFI	International Finance Institution
GIH	Global Infrastructure Hub
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
PAU	Project Advisory Unit
PIDA	Programme for Infrastructure Development in Africa
RBO	River Basin Organisation
RPSC	Regional Project Steering Committee

Summary of Recommendation

This report puts forward a set of 30 recommendations that have been developed in response to the findings of the analysis of NBI experiences and of international practice that were carried out by this study. Recommendations are made for all four areas of project development, complemented by some cross-cutting recommendations.

While the detailed recommendations are presented in the main body of the report, the following provides a summary of the key recommendations.

With respect to **project prioritization and selection**, the report recommends that

- NBI Member States continue to pursue, and where possible upscale, efforts for the development of joint (sub-) basin-wide management and investment plans;
- Member States harmonize their planning cycles where possible, and NBI aim at harmonizing regional project preparation cycles with national planning frameworks;
- Inter-sectoral coordination at national level for investment planning and project selection be strengthened;
- Governments consider developing national priority investment plans;
- Refined regional project screening criteria be established, as well as a quick check methodology for early screening of project concepts be developed or adopted;
- The existing NBI project lists/ pipelines be screened against the refined screening criteria and the lists be reduced to a smaller portfolio of projects with higher chances for successful implementation.

Concerning **project preparation**, it is recommended that

- National governments establish stronger institutional structures for oversight and management of preparatory studies, including quality control;
- In the development of ToR for preparatory studies, equal attention be given to the investigation of social, political, and institutional aspects (including a political economy assessment), as is to technical/ engineering and financial aspects;
- It be ensured that the building of capacity in the region forms part of the qualification requirements for international consultants to be hired for preparatory studies; and
- The NELSAP PPF be established and strongly promoted with national governments as a key source and mechanism for project preparation funding.

For the **financial structuring** of projects the report recommends that

- The search for potential investors (public and private) be expanded, using among other things a more structured overview (dashboard) of financiers and their funding interests and key requirements that can be used to match them to suitable projects;

- NBI should assess the potential to upscale, or group together, currently unfunded (livelihood) projects into larger programmes that could be more attractive to financiers; and
- Project benefits to be better documented and substantiated, using innovative tools available internationally.

With regards to **project implementation**, it is recommended that

- Institutions for the management and oversight of projects be established early in the project development process and tailored to the specific needs of the project;
- Governments evaluate if project-specific institutions can be upscaled to become specialized (infrastructure) project management entities, which could consolidate highly specific skills in the respective countries;
- NBI and Member States consider compiling or commissioning case studies documenting key experiences, and organizing tailored information visits to projects in other parts of the continent/world to learn from their experiences, and share NBI experiences with them.

The report concludes with the cross-cutting recommendations that

- More coordinated efforts be made for awareness-raising and promotion of projects throughout all stages of project development;
- Well thought-out project promotion strategies be developed for each project, and the appointment of high-level project champions be considered; and
- For NBI to better demonstrate their considerable contribution to investment project development in region. This to be done among other things through increased awareness-raising with national ministries (especially those responsible for planning and finance), and the establishment of an online project dashboard showing the implementation status (and rate of progress) of each project in the portfolio).

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 analyse good practices in financing of transboundary investments in other basins around Africa and beyond through country programming. The study also documents the success factors and challenges. Using the information generated and building on the existing NBI procedures, the study documents good practices and prepared a guideline (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 complements 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 presented in Report 1 and the complementary report on international good practice (Report 2). Report 1 documents NBI experience in facilitating identification, preparation, and implementation of regional investment projects and NBI identified projects that have been absorbed in national programming. The report is aimed at providing first-hand, on the ground experience, identifying the main challenges and bottlenecks, as well highlighting approaches and factors that led to success. Report 2 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 this Report 3 and forms 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) an international good practice report documenting international experiences that could be of use for NBI (report 2),
- c) this 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.

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 investment 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 recommendations in this report are therefore structured into these four stages and complemented by some crosscutting recommendations.

4 Summary of findings, and recommendations

This section brings together the findings from the report on NBI experiences and the report on international experiences, synthesizing recommendations based on both sets of findings.

4.1 Project prioritization and selection

4.1.1 Basin-wide planning

The report on international experiences highlights the benefits of integrated regional and/ or basin-wide planning, noting as a finding that:

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

The NBI Member States maintain ongoing initiatives to further integrate policy and planning frameworks towards the development of a basin-wide management plan. These require further strengthening to bring into fruition the above-mentioned benefits from joint regional and/ or basin-wide management plans.

In this context the NBI is an ideal platform for knowledge generation and exchange, data sharing, technical discussion and negotiations. Regional engagement through the NBI brings together the puzzle of national perspectives towards a coherent regional/ basin-wise picture. Furthermore, in terms of investment planning the NBI brings to the table considerable expertise in investment programme and project development which is not otherwise available at the level of Member States.

Recommendation 1:

NBI Member States should continue to pursue, and where possible upscale, efforts for the development of joint (sub-) basin-wide management and investment plans.

4.1.2 Planning cycles

Closely related to the issue of joint planning is the need to adequately integrate project selection and planning at regional level with national planning cycles. The NBI experiences report highlights that it is critical that transboundary projects, especially expensive large-scale projects, are included in these plans and accounted for in mid- to long-term expenditure forecasts. It notes as a finding that

- The selection (and subsequent preparation) of transboundary projects needs to be closely aligned with national planning cycles.

This was mirrored by international experiences and it was found that

- 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.

Recommendation 2:

NBI should have a system tracking the planning cycles (of NDPs and relevant sectoral plans) in Member States and align regional planning with these cycles as much as possible. This should be complemented by a database that includes the key planning and investment frameworks and documents that outline the countries' investment priorities to allow NBI to analyze national investment priorities on an ongoing basis.

Recommendation 3:

Member States should consider harmonizing their national planning cycles over time.

4.1.3 Project screening

Both the NBI experiences report and the international experiences report emphasize the critical importance of early and rigorous screening of potential projects against clear, robust, and coherent screening criteria. With regards to screening criteria in the Nile basin it was found that

- The projects identified at regional level have over time undergone an increasingly rigorous screening process, which continues to be refined and improved.
- At time political considerations override technical screening criteria
- There is a degree of disjuncture between regional and national project screening criteria and regionally identified projects are not always screened against national project appraisal criteria
- The existing 'long-list' still includes a number of projects that are unlikely to pass the test against the refined screening criteria currently in use.

This is complemented by a finding from the analysis of international experiences that

- The development and application of a quick check methodology 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.
- 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 spent on unsuitable projects.

It is clear that project screening in the NBI context has come a long way from the initial compilation of the project 'long-list'. There is arguably nevertheless a need to further tighten the regional project screening criteria to filter out projects with limited likelihood of receiving funding. One important element of developing a more robust set of screening criteria is to align them with the requirements of national project appraisal criteria, thus enhancing the possibility of receiving government support and funding at national level. This could be achieved through two step screening process that screens against regional and national criteria alike.

Once rigorous project screening criteria have been agreed the various regional project lists/ portfolios should be screened against these criteria and a narrowed down NBI project pipeline established. For project concepts to be submitted in the future, NBI should consider developing (or adopting) a quick check

Recommendation 4:

NBI should further tighten and strengthen regional project screening criteria and adopt an agreed set of robust screening criteria that are well aligned with national project appraisal requirements and those of international financiers.

Recommendation 5:

NBI should consider developing (or adopting) a quick check methodology for the early screening of potential projects against the agreed project screening criteria.

Recommendation 6:

NBI should screen the various project lists against the tightened screening criteria and remove projects that do not meet the criteria from the list. The remaining project should be consolidated in an official 'NBI investment project portfolio'. (see also recommendation 27 on project status tracking)

methodology that allows to check potential projects against defined screening criteria early on, before costs are incurred for projects that ultimately hold little chance for successful implementation.

4.1.4 National level project prioritization

Various competing demands and priorities for scarce investment financing opportunities precipitate a dynamic and volatile investment financing environment, which requires efficient channeling of available resources towards the projects adding the best value (to a country). The NBI experiences report notes that this is hampered by inefficiencies in inter-sectoral coordination about project identification and selection.

The report also points out that at times there are uncertainties as to how a country's financial commitment to a project is expressed and by whom, potentially leading to misunderstanding about the degree to which a project has been prioritized, programmed and budgeted for at national level . In this regard the report summarizes the following findings.

- Inter-sectoral coordination about project prioritization and selection is insufficient in most Nile countries.
- It is not always clear who at national level has the authority to express a government's 'financial commitment' for a project.

- The minimum content requirements for national governments expressing ‘financial commitment’ for project implementation are unclear with risk of projects being prepared at regional level but not implemented at national level.

Recommendation 7:

National governments should establish/ maintain regular intersectoral coordination structures about infrastructure prioritization at very senior level (ideally permanent/principal secretary level), backed by political support at Ministerial level.

Recommendation 8:

Clear criteria for what constitute a national government’s ‘financial commitment’ for a project, and by whom it is expressed, should be agreed on between governments and NBI centres.

4.1.5 National level project awareness-raising

In an environment where different sectors compete for limited financial resources from government, it is important that a project’s benefits to socio-economic development are presented to decision-makers early and in a convincing fashion. In this context the following findings were noted:

- Early and ongoing awareness raising of and lobbying for projects with national governments, especially the ministry of finance, is crucial to receive national level funding.
- The likelihood of a project being prioritized increases significantly if it is clearly shown early on how it contributes to achieving national development objectives
- The awareness-raising and lobbying for livelihood projects is more challenging since the results are less immediately tangible than those of infrastructure projects.
- A project is more likely to receive national level funding approval if it can access additional, regional funding windows.

Recommendation 9:

A short, but clear project concept notes that convincingly demonstrates project benefits should be developed by line ministries for any proposed project to raise awareness of the project and support its prioritization with other line ministries, especially ministries responsible for planning and finance.

Recommendation 10:

The proposing line agency should develop a clear awareness-raising/ promotion strategy for the project from the start.

4.2 Project Preparation

Detailed project preparation studies are an important steppingstone to bring a project from conceptualization to implementation. The diagnostic reports identify several bottlenecks related to the carrying out and management of preparatory studies that often lead to considerable delays and impede the programming and implementation of projects.

4.2.1. Scope and quality of studies

The NBI experiences report notes at times the scope and quality of preparatory studies is not adequate to meet the requirements of financing agencies and/ or national governments. In particular the report finds that

- There have been isolated incidences where preparatory studies did not meet the quality requirements expected by the international finance institutions.
- Institutional, social, and political aspects of project implementation and subsequent operation are not always adequately assessed in the feasibility studies conducted.

It is essential that the quality of preparatory work instills confidence in the project in governments and financing agencies alike. Likewise, preparatory need to adequately cover non-technical elements such as social, political, and institutional aspects (and risks) of a project. The latter often pose far more challenges during project implementation than technical/ engineering aspects.

Recommendation 11:

NBI centres and national governments should establish adequate quality control mechanisms for preparatory studies and ensure that quality requirements are rigorously met.

Recommendation 12:

When designing ToR for preparatory studies, equal attention needs to be given to the investigation of social, political, and institutional aspects, as is to technical/ engineering and financial aspects. A rapid political economy analysis could provide useful context to the non-technical aspects of preparatory studies.

4.2.2 Study management and oversight

To avoid the above-mentioned problems with preparatory studies, and to ensure that an enabling environment is provided for these studies to be carried out efficiently, good study management and oversight is required from NBI centres and/ or national governments alike. In this regard it is noted that

- The lack of involvement of national governments in the oversight and management of preparatory studies has been identified as a weakness, but the issue has been addressed for more recent preparatory studies.
- While technical skills seem to be adequate, the shortage of 'soft skills' poses challenges for the effective execution, management, and oversight of preparatory studies.

- Skills for the management of preparatory studies are at present largely concentrated at the regional level and in short supply in most national governments.

It is important that adequate managerial skills and institutional structures to oversee preparatory studies are developed in the region. This issue is well realized and some measures to address this have already been established. These need to be continued and become the new norm for government oversight as it will on the one hand increase the ownership of projects by national government, and at the same time also assist in transferring capacity concentrated at the regional level to the national level through a 'learning-by-doing' approach.

Recommendation 13:

Initiatives to establish stronger structures for national government oversight and management of preparatory studies (and subsequent project implementation) should be continued and further strengthened.

4.2.3 Capacity for conducting preparatory studies

It is on the one hand important that preparatory studies are carried out as swiftly as reasonable and to high quality standards. Given a shortage of capacity for this type of work this commonly leads to the hiring of international consulting firms who bring the required technical and managerial capacity to meet these requirements. To facilitate easy access to qualified consultants, NBI is further considering establishing a panel/ roster of pre-qualified consulting firms that can be drawn from at short notice. On the other hand, it is desirable to progressively build capacity in the region to carry out this type of work. In this context the NBI experiences report finds that

- There is a perception that the heavy reliance on international consultants for the carrying out of preparatory studies impedes the building of adequate capacity at regional, and even more so, national level.

The review of international experiences notes, that the need for quick access to qualified consultants need not be contradictory to the objective of building up regional capacity for this type of work. The report found that

- 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.

Recommendation 14:

When establishing a panel of pre-qualified consulting firms for preparatory work (incl. transactional advisors), NBI should ensure that the building of capacity in the region forms part of the qualification requirements. NBI should maintain a regularly updated matrix of qualified firms which should be re-evaluated on a regular basis in terms of their performance, incl. in the area of capacity building.

4.2.4 Financing of preparatory studies

The nearly full reliance on external (i.e. non-government funds) for preparatory work is a key bottleneck for increasing the uptake of projects at national level. The diagnostic reports describe the NELSAP PPF concept as a promising approach to increasing access to project preparation funds, which at the same time would ensure that these costs are ultimately borne by the national governments implementing the project. The report's findings in this regard are that

- The absence of dedicated budgets in national ministries for project preparation studies delays projects and increases the risk of projects not materializing.
- If successfully implemented, the NELSAP PPF could become a good practice example for increasing government funding to project preparation in a developing country context.

Recommendation 15:

The NELSAP PPF should be established and strongly promoted with national governments.

4.3 Financial Structuring

4.3.1 Identifying the 'right' financial partners

The types, scopes, and objectives of projects are diverse, and likewise are the funding interests and requirements of potential financiers, be they public or private sector financiers. It is therefore crucial to match a potential project with the right financial partner. The NBI experience report notes that

- It is crucial to identify the 'right' financing partners for a project since funding criteria differ considerably between potential financiers.
- Regular engagement with potential financial partners and ongoing monitoring of the 'funding landscape' is critical to maximize the potential to receive project funding.
- 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.

The NBI centres have established good relationships with a variety of financial institutions, but there is perhaps still scope for upscaling the engagement with additional potential financial partners.

Recommendation 16:

NBI should continue its ongoing engagement with key financing institutions. At the same time NBI could consider broadening their search for investors through developing a more structured overview (dashboard) of financiers and their funding interests and key requirements. This could be integrated with the proposed investment project dashboard to allow easier matching of projects with potential financiers.

4.3.2 Project scale

For financing institutions, a concern for funding projects is that at times these projects are not 'worth their while'. Especially livelihood projects often lack the scale that makes them attractive for financiers. The NBI has responded to this challenge by increasingly grouping projects into investment programmes that are promoted as 'package'. The diagnostic reports therefore highlight that

- Packaging projects to the 'right' scale is important to attract funding, especially for livelihood projects.
- Some (type of) projects lend themselves to upscaling to increase their bankability and attractiveness to financiers.
- Promoting several projects to be funded as one investment programme is increasingly being attempted in the Nile basin.

Recommendation 17:

NBI should assess whether there is potential to upscale, or group together, currently unfunded (livelihood) projects into larger programmes that could be more attractive to financiers. This should be done in conjunction with the broadening of the range of potential financiers as proposed in recommendation 16.

4.3.3 Documenting project benefits

Part of matching a project to the right financial partner is to document to potential investors the benefits of the project. This applies as much to the national government as a funder, as to external public or private financiers. The international experiences report notes in this context that

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

To this end innovative tools are increasingly developed and used that aid project proponents in substantiating and documenting the benefits that can be expected from a project. NBI can support this process by scouting for, and applying internationally available tools, as well as using their own experience and information in project assessment and development of project concepts.

Recommendation 18:

Project proponents in the Nile region should explore avenues to better substantiate the benefit of projects and show the projects' comparative advantage over other projects competing for limited financial resources, especially at national level. This should be aided where possible by suitable tools that are available internationally.

4.4 Project Implementation

4.4.1 Institutional arrangements

Suitable institutional arrangements for project implementation are important for any project, and even more so for transboundary projects where coordination between two or more countries is required. While such institutional structures need to be carefully tailored to the needs and requirements of the project for which they are established, certain institutions initially established for a specific project might also lend themselves to becoming specialized project implementation agencies, given the skills and expertise accumulated within them. The diagnostic reports conclude that

- 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.
- Project specific SPVs hold the potential to become specialized infrastructure agencies, given the highly specialized skills and experience they gain over time.
- The role of the NBI during project implementation needs to be clearly defined and mechanisms established that ensure the capacity and institutional memory of the NBI benefits project implementation.

Recommendation 19:

Institutions for the management and oversight of projects should be established early in the project development process. They should be tailored to the specific needs of the project.

Recommendation 20:

Member States should evaluate if project-specific institutions can be upscaled to become specialized (infrastructure) project management entities, which could consolidate highly specific skills in the respective countries.

4.4.2 On-the-ground implementation challenges

Challenges during project implementation are numerous, and so are international experiences (both good and bad) in addressing them. Key challenges highlighted by stakeholders in the Nile basin context are that

- Implementation of projects is being delayed if institutional, legal, and social aspects are not sufficiently addressed during the project preparation stage.
- Merit-based employment only is important to ensure that project implementation is not hampered by inadequate skills.

The international experiences report points out that

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

This could be done through compiling relevant case studies (as some already exists) or commissioning case studies of projects pertinent to the Nile situation. This could be complemented by learning and exchange visits to projects with a high learning potential for the region.

Recommendation 21:

NBI and Member States should consider compiling and or commissioning case studies documenting key experiences, and organizing tailored information visits to projects in other parts of the continent/world to learn from their experiences, and share NBI experiences with them.

5 Cross-cutting issues

5.1 Project promotion and communication

The diagnostic reports highlight the importance of promoting projects with national governments and potential financiers early on as well as the need for ongoing awareness-raising and lobbying for the project. The NBI experiences report finds in this regard that

- Ongoing project promotion and a clear communication strategy from the start increase the chances of realizing projects and contribute to reducing obstacles in all phases of project development.

The international experiences report describes that more recently the approach of appointing project champions is being followed, noting that

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

This correlates with the experience in the Nile region that often projects lack high-level political buy-in and support, which if it were provided, would likely speed up project development considerably.

Recommendation 22:

NBI and Nile Basin countries should consider appointing high-level project champions to promote projects as part of an organized awareness-raising and promotion campaign for each project.

5.2 Coordination

The inadequate levels of inter-sectoral coordination for national level project prioritization are one of the biggest bottlenecks for an increased uptake of the project pipeline at national levels. The NBI experiences report notes in that regard that

- Inadequate coordination remains a major challenge for effective project development, especially inter-sectoral coordination at national level.
- Coordination and clear priority setting for projects at both national and regional levels is crucial for speeding up pipeline delivery.

The insufficient lack of coordination at national level is to a degree mirrored at international level, leading to challenges in getting transboundary projects off the ground. The international experiences report concludes that

- 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.

While the NBI maintains governance structures at senior political level it is felt that high-level coordination about joint planning, investment coordination and project selection and promotion needs to take place more frequently.

Recommendation 23:

Member States should consider revitalising intersectoral coordination mechanism at national level to coordinate (infrastructure) investment needs and priorities in the countries.

Recommendation 24:

Well-coordinated national level long-term investment priority plans should be in place to guide planners. Based on these plans regional investment needs should be coordinated and joint investments prioritized.

Recommendation 25:

NBI Member States should consider a more efficient high-level coordination mechanism for investment planning (akin the EAC model). This could be aligned with the appointment of project champions as proposed in recommendation22.

5.3 Capacity

The issue of capacity has already been alluded to with respect to project preparation studies. The issue is however not limited to preparatory studies and essentially applies to the entire project development chain across all stages. The diagnostic reports note in this context that

- Project development capacity is currently largely concentrated at regional level and there are efforts to strengthen these further.

- It is important that national level project development capacity is strengthened to make more effective use of available regional capacity.
- 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.

Recommendation 26:

NBI and Member States should continue, and where possible upscale, efforts to build capacity in the region, especially at national level. Making demonstrated capacity building efforts part of qualifying criteria for international firms is an important element of such efforts.

5.4 Visibility and value addition of regional actors

The NBI, like any other Member States based organization, needs to document that it adds value over and above to what Member States can achieve on their own. In the area of investment project development the NBI has a considerable track record, but this is not always sufficiently documented and promoted, with the result that the contributions of the NBI are overlooked or at least insufficiently known. The NBI experiences report notices in this regard that

- Successful delivery of the investment regional investment pipeline requires joint efforts and contributions from NBI centres and national governments alike.
- The value-addition provided by the NBI is not sufficiently documented and communicated to national governments.

It is evident that the NBI needs to increase efforts to raise awareness of its work and role with national governments and potential project financiers. The international experiences report highlights some of the means that the NBI can use to do so, in noting that

- 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.

- 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.

Recommendation 27:

NBI should create an accessible online dashboard where the implementation status of each NBI pipeline project can be tracked. This should be done for the reviewed (and likely reduced) pipeline that has been screened against strengthened screening criteria (see recommendation 6).

Recommendation 28:

NBI should develop awareness-raising activities that inform national ministries (especially those responsible for planning and finance) of the investment pipeline and its role and contribution in developing projects.

Recommendation 29:

Member States should consider appointing senior-level NBI champions (at Minister or PS) level that actively promote the NBI and the contribution it can make within national governments.

5.5 Political environment

All project development takes place in a broader socio-economic and political context. With this come numerous challenges and risks that are not, or only to a limited extent, controllable by the actors directly involved in project development. The risks associated with often heavily fluctuating political environment do seem to increase the longer it takes to bring a project from concept to implementation, not least to changing priorities at national government level. The NBI experiences report finds that

- There are macro-level political risks for project development that cannot be fully controlled, but these can be mitigated against by accelerating project development.

It is essential for project developers that a thorough assessment of the risks from the political environment is undertaken at the outset of project development and monitored through all stages of project development.

Recommendation 30:

A rapid political economy assessment for each project should be undertaken at concept note stage. If preparation work goes ahead, a more in-depth political economy assessment should form part of the feasibility studies to flag potential political/ institutional risks to the project early on (see also recommendation 12).

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
NBI centres					
Dr. Abdulkarim Seid	NBI (Nile-SEC)	Deputy Executive Director	aseid@nilebasin.org	Meeting	continuous
Tom Waako	NBI (Nile-SEC)	Programme Officer	twaaako@nilebasin.org	Meeting	continuous
Dr. Maro Andy Tola	NBI (NELSAP-CU)	Programme Officer – Water Resources Management and Development	matola@nilebasin.org	Meeting	5-Mar
Polycarp Onyango	NBI (NELSAP-CU)	Communications Officer	ponyango@nilebasin.org	Meeting	5-Mar
Eng. Sammy Osman	NBI (NELSAP-CU)	Water Resources Engineer	sosman@nilebasin.org	Meeting	5-Mar
Alphonse Kizihira	NBI (NELSAP-CU)	Finance and Administration Manager	akizihira@nilebasin.org	Meeting	5-Mar
Daniel Chonza	NBI (NELSAP-CU)	Senior Economist M and E Specialist	edchonza@nilebasin.org	Meeting	5-Mar
Teshome Atnafie	NBI (ENTRO)	Senior Reginal Project Coordinator	tatnafie@@nilebasin.org ; teshomeatnafie@gmail.com	Meeting	12-Mar
Awoke Kassa	NBI (ENTRO)	M&E Officer		Meeting	12-Mar
Member States Governments					
Dr Florence Grace Adongo	Ministry of Water & Environment (Uganda)	Director - Water Resources Management; TAC Member	florence.adongo@mwe.go.ug	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	ebaleke@energy.go.ug; balekessekulima@gmail.com	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
Other Stakeholders					
Andrew Takawira	GWP & CRIDF		andrew.takawira@gwp.org	Skype call	11-Feb
Dr. Malte Grossmann	GIZ	Head of Project - Transboundary Water Cooperation in the Nile Basin	malte.grossmann@giz.de	Meeting	3-Mar
Dr. Lovisoa Razanamahandry	AUDA		Lovasoar@nepad.onmicrosoft.com	Skype call	9-Mar
Dr. Arumugam (Morgan) Pillay	GIZ	Senior Infrastructure Technical Financial Advisor (PIDA)	arumugam.pillay@giz.de	Skype call	9-Mar

Annex 3: PIDA Project Stages and Key Milestones

Code	Name	Description	Key Milestone(s)
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

Code	Name	Description	Key Milestone(s)
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 project during Evaluations



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ONE PEOPLE
ONE VISION

Nile Basin Initiative Secretariat
P.O. Box 192
Entebbe – Uganda
Tel: +256 414 321 424
+256 414 321 329
+256 417 705 000
Fax: +256 414 320 971
Email: nbisec@nilebasin.org
Website: <http://www.nilebasin.org>

Eastern Nile Technical Regional
Office
Dessie Road
P.O. Box 27173-1000
Addis Ababa – Ethiopia
Tel: +251 116 461 130/32
Fax: +251 116 459 407
Email: entro@nilebasin.org
Website: <http://ensap.nilebasin.org>

Nile Equatorial Lakes Subsidiary
Action Program Coordination Unit
Kigali City Tower
KCT, KN 2 St, Kigali
P.O. Box 6759, Kigali Rwanda
Tel: +250 788 307 334
Fax: +250 252 580 100
Email: nelsapcu@nilebasin.org
Website: <http://nelsap.nilebasin.org>

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