



## Will Accelerated Infrastructure Development Deliver the SDGs by 2030?

This note outlines how infrastructure can be the means of unlocking the potential to achieve the SDGs and presents country examples from Nigeria and Pakistan.

### Introduction

On 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the **2030 Agenda** for Sustainable Development — adopted by world leaders in September 2015 at an historic **UN** Summit — officially came into force. National governments that have committed to achieving the SDGs have realigned their strategic plans and policies to ensure that these goals are at the heart of their respective development agendas. For many African countries infrastructure development is a priority and the SDGs provide a framework for benchmarking infrastructure against socioeconomic outcomes.

### Infrastructure Development for Achieving the Sustainable Development Goals (SDGs)

Infrastructure is *a sine qua non* to achieving meaningful sustained, inclusive and diversified growth and development in any

economy, whether developed, emerging or developing. Infrastructure unlocks potentials of countries, regions or States in trade, industrial development, job creation, and improving the quality of life of the people. This is especially true for transportation and energy-related infrastructure. This fact is well acknowledged globally, explaining why infrastructure development is critical to achieving the globally agreed Sustainable Development Goals (SDGs). Incidentally, Infrastructure appears in the SDGs simultaneously as an explicit goal and implicit inputs needed for effective implementation of policies that will promote the achievements of most other SDGs.

It is noteworthy that one of the SDGs is dedicated exclusively to infrastructure development. Explicitly, Goal 9 is to “build resilient infrastructure, promote sustainable industrialization and foster innovation”.

This direct call for increased investment in sustainable infrastructure is motivated by recognition of the importance of infrastructure in overall socioeconomic wellbeing of the world and its inhabitants. Some of the critical infrastructure of focus includes electrical power, roads, water, information and communication technologies, and sanitation

Infrastructure is implicit in virtually all other SDGs and is critical to their achievement. It is a cross-cutting “enabler” for achieving other goals. For example, the broadest gains from investing in transport infrastructure and road safety will be most felt, without explicit regard to transport, in better health and improved economic outcomes. It should be noted that infrastructure is not limited to mere physical assets, but also includes sustainable solutions for the delivery of reliable infrastructure. Thus infrastructure is pivotal to achieving the overall global development vision as encapsulated in the other SDGs.

**Goal 1** that focuses on ending poverty in all its forms everywhere can only be achieved through efficient infrastructure development. One key element that differentiates rich countries from the poorest and most vulnerable countries around the world is infrastructure availability and accessibility, both in terms of quality and quantity. A farmer in very remote part of Kaduna State requires good access road to evacuate his produce from the farm gate to the market. Only when this is done will he be able to avoid the presently high post-harvest loss that results from poor state of transport infrastructure. This will promote achievement of **Goal 2** that focuses on attaining food security, ending hunger, improving nutrition and promoting sustainable agriculture. Furthermore, to break inter-generational poverty, education and health infrastructure are necessary. Availability of these types of infrastructure will empower

the younger generation and give them the requisite health condition that could increase their productivity and prolong their productive life. Strongly linked to **Goal 3**, this is the only means through which youths can break the shackles of entrenched inter-generational poverty.

**Goals 3** (ensure healthy lives and promote well-being for all at all ages) and **4** (ensure inclusive and equitable quality education and promote lifelong learning opportunities) can only be achieved through building safe and well-equipped health facilities and schools. But for the hospital to function effectively and achieve the intended objectives, there is need for safe water and sanitation as demanded by **Goal 6** and stable electric power supply as required in **Goal 7**. It is only when such infrastructure is available that the hospital would be able to undertake basic health procedures that include safe deliveries of mothers and their children. Others goals and targets are agricultural productivity (Target 2.1), air pollution (3.9), access to safe drinking water (6.1.), sustainable cities (11.6), reduction of food loss (12.3), and climate change adaptation and mitigation (13.1).

Lack of infrastructure has imposed substantial cost on most developing economies, making communities poorer and more vulnerable. For example, investors have cited lack of electric power infrastructure as one of the greatest constraints to doing business in developing countries. In Nigeria, for instance, poor and unreliable power supply continues to constrain the country from achieving its industrial development potential and job creation that could emanate therefrom. Given the importance of infrastructure to the SDGs, investment in infrastructure is central to poverty alleviation.

A case in point is Nigeria where the Kaduna State Government's Infrastructure Master Plan (KADIMP) 2018-2050 is developed based on the motivation of the existence of strong linkage between infrastructure and SDGs in mind as well as the desire to develop infrastructure that are capable of fast-tracking the State's progress towards achieving the SDGs. It is designed to strengthen the strong direct and indirect linkage between it and the SDGs. Thus, the infrastructure being propagated in KADIMP are consistent with the objective and philosophy of SDGs for the good and welfare of all. The Plan covers the three sustainable development dimensions of the SDG framework, namely, economic, social and environmental.

The KADIMP provides a framework for accelerated sustainable development through expanding critical infrastructure in Kaduna State. Through the priority programmes and projects outlined in this document the State looks to prioritising action and enhancing partnerships aimed at improving service delivery in a sustainable way, for future generations. Improved access to clean water and sanitation (SDG 6); increased access to affordable and clean energy (SDG 7); development of industry, innovation and infrastructure (SDG 9) and building sustainable cities and communities (SDG11) are at the core of the KADIMP.

Thus, infrastructure projects in KADIMP are carefully selected and prioritized based on the linkage between it and the SDGs in mind. It identifies areas of market failure and provides the necessary incentives to bring in the private sector.

KADIMP recognizes that the Kaduna State Government alone is unable to provide the huge financing required to fund the proposed infrastructure. This is because of the yawning financing gap that exists. Thus, KADIMP provides opportunities for synergy by leveraging both public and private sector funding to respond to the State's immense infrastructure needs. It seeks to identify existing weaknesses in both the investment and macroeconomic environment that constrains the free flow of private funding into financing infrastructure in the State. Lessons can be drawn from countries like Pakistan that have set up Infrastructure Project Development Units that drive the Public Private Partnership (PPP) projects as shown in Box 1 below.

In Pakistan the Infrastructure Project Development Facility (IPDF) was set up under the auspices of the Ministry of Finance, Government of Pakistan to be managed by the Infrastructure Project Development Unit (IPDU). The IPDU was established for the primary purpose of driving the PPP process. It provides financial modeling, legal and project transaction advisory services for PPP projects. It is a full-fledged unit with 30 staff and an Independent Board. At the provincial level PPP nodes are established and work under the administrative control of provincial governments, as is the case in Sindh, Punjab and KPK provinces.

To date it has successfully driven PPP projects to the tune of US\$ 1.43 billion in the road sector. IPDF's project pipeline is diversified and expects to close mega infrastructure project financing deals to the tune of US\$ 2.3 billion in its current fiscal year ending June 30, 2018.

The IPDF runs as a self-sustainable entity; it meets all its expenses out of interest income earned on the one-time funds' placement with commercial bank (the one time funds were available to IPDF at the time of its formation). IPDF is soon going to be transformed into Public Private Partnership Authority by virtue of Public Private Partnership Act, 2017 passed by the parliament of Pakistan. This will give the IPDF more authority in regulating the overall PPP regime in Pakistan.

Source: Ministry of Finance, Pakistan

The KADIMP seeks to assert the role of Kaduna State Government to broker global partnership (Goal 17) in facilitating the preparation, closure and implementation of complex infrastructure projects that have high potential for increasing the pace at which the State is able to achieve the SDGs. This partnership is extended to all existing and new potential partners that include private sector investors, institutional investors (asset management, sovereign wealth funds, pension and insurance funds), donors, and other related partners. KADIMP will provide the platform for mobilizing these partners. The pipeline of bankable projects are expanded through KADIMP and their potential benefits in forms of improved well being and guaranteed good return on investment for the investors are well articulated.

It is instructive to point out that the partnership being sought through KADIMP is not limited to merely financial. Technical and advisory partners are also being

sought. While technical partners are expected to bring to bear their technical expertise in structuring, packaging, implementing and executing infrastructure projects throughout the infrastructure project cycle, advisory partners may provide support that are both financial and non-financial in nature. These diverse partners are expected to collaborate with Kaduna State through public-private partnership schemes and other means.



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The innovative and sustained long-term infrastructure financing being propagated by KADIMP would position Kaduna State to achieve its ambitious goal of fast-tracking progress toward achieving the SDGs. It will create direct jobs and foster improved environment for job creation, tackle the root of extreme poverty, build prosperity, and strengthen inclusion in the State. Overall, KADIMP aims to achieve scaled investment in sustainable infrastructure in Kaduna State, thus fostering improved economic growth, development and welfare of the Kaduna people. Second, it aims to achieve increased infrastructure access and affordability for the poor, leading to improved development outcomes generally. Lastly, the proposed infrastructure development will target climate-friendly infrastructure that are capable of mitigating climate change risks, protecting the people that are most vulnerable to climate change in Kaduna, and reducing ecological footprint.

**Lessons Learnt**

Infrastructure development is a costly business and requires effective partnerships across private sector, development finance institutions and other stakeholders. Institutions like EU, JICA and USAID, African Development Bank, Islamic Development Bank and World Bank have a depth of knowledge, network and expertise for design and financing of large infrastructure projects. One of the main challenges faced in many African countries is developing a portfolio of investment ready projects. For many of the priority projects work needs to be done to bring them to the stage of bankability and the support of institutions like the African Finance Corporation (AFC) should be sought in areas where AFC is likely to invest.

The Infrastructure Master plans like KADIMP provide the framework for strategic partnerships and resource mobilisation both domestic and external while the dedicated project development unit as is the case in Pakistan enable investment to be channelled in a meaningful way for sustainable development.