



CONCEPT NOTE, 16/11/2020

## **2020 Afghanistan Conference**

**Side Meeting: *'Support to Peace and Prosperity through Public-Private Partnerships in Key Infrastructure Investments'***

**CO-HOSTED BY THE EUROPEAN UNION AND THE ASIAN DEVELOPMENT BANK**

**Thursday, 19 November 2020, 9.30 am to 12.00 noon CET, video conference**

### **1. BACKGROUND**

On its path to self-reliance, Afghanistan aims at opening new financing opportunities for its development agenda, beyond traditional grant funding but in line with IMF provisions for sustainable sovereign debt management. Public Private Partnerships (PPPs) provide an instrument for leveraging private sector engagement in the financing and implementing of infrastructure projects with high development impact. Based on a newly introduced policy and regulatory framework, government and development partners are gaining first experiences with this approach, currently mainly in the energy sector.

In accordance with Afghanistan's National Policy on Public Private Partnerships, the main objectives of PPPs are to mobilize private sector investment to expand access to infrastructure and services to support sustained and inclusive economic growth and to reduce the investment burden of the government through transition of financing responsibilities from donor support to private investors. PPPs open also a way for improved regional cooperation and connectivity, fostering cross-boundary cooperation and leveraging capital for larger investments. This is an important vector for peace.

In August 2016, the Government of Islamic Republic of Afghanistan (GoIRA) launched its PPP program designed to attract private financing for infrastructure, and institutionalized a Central Partnership Authority (CPA), a General Directorate, as the central coordinating actor for PPPs in the country. The CPA is mandated to regulate all matters and issues relevant to PPP projects, to identify opportunities for investments in public-private interventions, to facilitate contract negotiations of projects, and to ensure the availability of funds for infrastructure projects. A revised PPP law was enacted by Presidential Decree in September 2018 to include changes to

the institutional framework for PPP implementation. The new law is currently undergoing a review and ratification by the National Assembly.

## **2. MEETING OBJECTIVE**

The objective of the meeting is to create a better understanding of the Public Private Partnerships (PPPs) approach in Afghanistan and to showcase opportunities to both public and private sector investors, using existing examples to stimulate a wider discussion. The meeting would ideally contribute towards the identification of future partnerships to be taken up in a series of follow-up events that would bring government and potential public and private investors together to explore cooperation in specific domains and projects.

## **3. ORGANISATION**

The meeting will be co-chaired the Government of Islamic Republic of Afghanistan (GoIRA) with the Asian Development Bank (ADB) and the European Union (EU), with active participation from International Finance Corporation (IFC), Aga Khan Development Network (AKDN) and DEG-German Investment and Development Company.

Target audience are interested regional and international partners participating in the 2020 Afghanistan Conference, together with a selected number of interested public and private financing institutions, Afghan and international private sector representatives.

The event will be moderated by Ms Diwa Samad, former Deputy Minister of Public Health, GoIRA. The event will be organised as an online meeting with one session of 2.5 hours duration.

### **3.1. Opening remarks and co-chairs' statements**

This introductory session will explain the context of the side meeting and the rationale of addressing PPPs in key infrastructures.

H.E Abdul Hadi Arghandiwal, Acting Minister of Finance, Islamic Republic of Afghanistan will explain the Government's investment agenda under the new ANPDF-II, and the scope for potential PPPs to crowd-in private sector investments and enable sustainability.

ADB's Director General Central and West Asia Department Mr Werner Liepach will explain ADB's approach to PPPs in Afghanistan, highlighting its role as a public financing institution and advisor to government, drawing from experience in the region under different initiatives including the Central Asia Regional Economic Cooperation (CAREC) program. Reference will be made to the importance of PPPs in the context of dwindling grant funding, and future infrastructure investment potential in the country.

For the EU Mr Jean-Louis Ville, Acting Director Asia, Central Asia, Middle East/Gulf and Pacific will add the perspective of a public grant-financing partner in PPPs and blended

investments, drawing from EU experience in the region and exploring cooperation potential in Afghanistan under the new EU Neighbourhood, Development and International Cooperation Instrument (NDICI).

### **3.2. Thematic presentations on Public Private Partnership in Key infrastructures**

The thematic presentations will highlight key aspects of PPPs in Afghanistan:

- The GoIRA will present the underlying policy and regulatory framework, and the guidelines for identification, monitoring and reporting of contingent liabilities from PPPs; broad perspective of the key sectors targeted for PPPs.
- ADB will present its involvement in PPP projects in the renewable energy sector, the Afghanistan Infrastructure Trust Fund, and will identify innovative solutions for expanding the pool of public and private funds for supporting infrastructure development in Afghanistan.
- IFC will highlight the importance of PPPs and the crucial role of the government in preparing bankable investment projects suitable for a PPP approach. Furthermore, IFC will speak about its own experience in development of two PPPs in Afghanistan's energy sector.
- DEG-German Investment and Development Company will present their Perspective on Infrastructure Investments and PPPs in Afghanistan, possibly drawing from lessons in the region or in other countries.
- Badakhshon Energy Company, a subsidiary of the Aga Khan Fund for Economic Development, will present one of the first PPPs in Afghanistan operating under a government concession with the aim of building a clean, self-sufficient, reliable, and affordable electricity system in the Badakhshan Province; initial experiences and future approach.

### **3.3. Discussion**

The thematic presentations will be followed by a moderated discussion with participants, which will include multilateral and bilateral partners, and private sector representatives.

### **3.4. Summary of main points and concluding remarks**

At the end of the meeting, the three co-hosts will offer their main takeaway points and conclusions from the meeting, ideally leading to a set of recommendations and a proposal for a follow-up process.

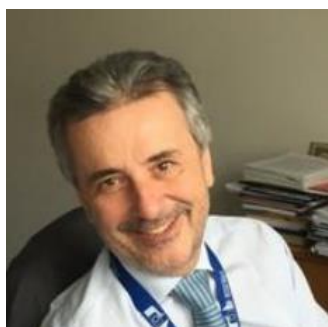
#### 4. DELIVERABLES

- Meeting report with recommendations and follow-up
- Joint communique (1-2 pages) of ADB and EU on the key outcomes of the event

#### 5. PROPOSED AGENDA (150 min)

<b>Time</b>	<b>Agenda</b>
(09:30)	<b>Welcome/Opening Statements</b> <ul style="list-style-type: none"><li>• EU: Jean-Louis Ville, acting Director Asia, Central Asia, Middle East/Gulf and Pacific</li><li>• ADB: Werner E. Liepach; Director General, Central and West Asia Department</li><li>• GoIRA: H.E Abdul Hadi Arghandiwal, Acting Minister of Finance, Islamic Republic of Afghanistan</li></ul>
(10:00)	<b>Thematic presentations</b> Introduction and moderation by Diwa Samad <ul style="list-style-type: none"><li>• Administrative Office of the President (AOP): Atta Nasib, Director Investment Facilitation Unit (IFU)</li><li>• GoIRA, Ministry of Finance: Talha Hidayat, PPP Technical Director</li><li>• ADB: Peter Marro, Advisor, Central and West Asia Department</li><li>• IFC: Thomas Lubeck, Manager PPP and Transactions Advisory Services – Asia and Pacific</li><li>• DEG: Felix Busse, Vice President Energy &amp; Infrastructure</li><li>• AKDN: Daler Jumaev, President of Badakhshon Energy Company</li></ul>
(10:55)	<b>Open discussion</b>
(11:45)	<b>Concluding remarks</b> <ul style="list-style-type: none"><li>• EU</li><li>• ADB</li><li>• GoIRA</li></ul>

## Keynote Speakers and Presenters



**Jean-Louis Ville** is currently the acting Director for Asia, Central Asia, Middle East/Gulf and the Pacific at the European Commission in the Directorate General for International Cooperation and Development (DG DEVCO). Previously he occupied the position of Acting Director for Human Development and Migration in DG DEVCO as well as Head of Unit, in charge of Human Rights, Gender, and Democratic Governance.

Having worked for the European Commission since 1987, he has occupied several positions in various Directorate Generals (Agriculture, Budget and Development and Cooperation) as Head of Unit for Budget, Finance and Contracts, Regional Programmes for the East and South Neighbourhood. He also served for a period as Deputy Head of the private Office of the Rt Hon C. PATTEN during his mandate as European Commissioner for External Relations. Mr Ville studied political sciences in Strasbourg, European Affairs in Bruges and European law in Paris.



**Werner E. Liepach** is the Director General for ADB's Central and West Asia Department. Mr. Liepach oversees the definition and execution of the departmental strategy and business plan, as well as the day-to-day management of operations of the department. Previously, he served as Deputy Director General and Senior Advisor in the same department, as well as ADB's Country Director for Pakistan (2011 to 2017). He joined ADB in 1992. Mr. Liepach holds a Doctorate in Economics/International Finance from University of Konstanz, Germany and a Master's degree in Management/Business Administration from the European School of Management Studies, France.



**H.E Abdul Hadi Arghandiwal** is the Acting Minister of Finance. H.E earned a B.A in Economics from the Kabul University in 1976. Right after his graduation, he started working with the Industrial Planning Department of the Ministry of Plan. He has also served as representative of Hizb-e-Islami Party to the United States, Coordinator for Hizb-e-Islami Party's International Relations Committee, and Minister of Finance in former President Burhanuddin Rabbani's cabinet. From 2006 to 2008, H.E served as Social and Tribal Affairs Advisor to Ex-President Hamid Karzai. In 2008, H.E served as Minister of Economy.



**Atta Nasib** is the Director-General of the Afghanistan Investment Facilitation Unit (AIFU) at the Office of the President. Prior to joining AIFU, he served as the deputy director of social development at the Office of the President. Previously, Nasib served as a Senior Program Assistant at the United States Institute of Peace (USIP). This was preceded by working at the German Marshall Fund of the United States, the Foreign Policy Initiative and the United Nations Development Programme (UNDP). Nasib holds a bachelor's in Economics from San Francisco State University, in California. He also holds a master's in International Commerce and Policy (ICP) from the George Mason University, in Virginia.



**Talha Hidayat** is the Deputy Technical Director at the PPP Directorate, prior to that he served as a Technical Director of PPP at the Ministry of Finance and has played an important role in developing PPP National Policy, PPP Legal Framework, PPP Institutional Framework and also was the main part of 13 PPP Transactions with the investment value of \$1.5 billion. Prior to joining the PPP office, he was working as a Budget Specialist where he successfully implemented Provincial Budgeting, Operation and Maintenance and Local municipalities Reforms. He holds a bachelor's in Economics from University of Pune India and MBA from the American University of Afghanistan.



**Peter Marro** is the Advisor and Head of the Client Solutions Team at ADB's Central and West Asia Department. Mr. Marro has worked for ADB for over 21 years. In his current function, he is in charge of developing new financing solutions for private sector-focused interventions. He works closely with a variety of stakeholders in CWRD's developing member countries using innovative financing modalities such as credit guarantee schemes, blended finance, capital market instruments, etc., primarily in the areas of infrastructure finance, PPPs, and SME support. He has previously served as a team leader at ADB's Private Sector Operations Department and with the Public Management, Financial Sector and Trade Division of ADB's South Asia Department for 11 years. Peter has a Master of Science from the University of Bern. Prior to joining ADB, he has worked extensively in leading private commercial banks and companies in Singapore, the Philippines and Switzerland.



**Thomas E. Lubeck** is the Regional Manager for IFC's PPP Transaction Advisory Services covering the South Asia and East Asia Pacific Regions, based in Singapore. He oversees a team working on helping Governments design, tender, negotiate and implement PPPs and concessions across a wide spectrum of infrastructure including transport, renewable energy, affordable housing and healthcare.

Prior to starting his current role in June 2020, he was the Regional Manager for Central and Southeastern Europe based in Belgrade, Serbia where he oversaw IFC activity in 15 IFC member countries including strategy, business and partnership development. He has two decades of successful investing in emerging markets in Southern and Eastern Europe and South Asia. Mr. Lubeck holds a Masters in Accountancy from George Washington University in Washington, DC.



**Felix Busse** is a Vice President at DEG – Deutsche Investitions und Entwicklungsgesellschaft mbH. Based in the Energy & Infrastructure department, he is responsible for the origination, structuring and execution of energy project finance transactions in Asia and Europe. In this role, Felix was leading DEG's deal team in the Mazar IPP project, Afghanistan's first independent power plant.

Prior to his current position, Felix was Vice President for Manufacturing Industry and Services and responsible for structuring and contracting DEG's business in various industry sectors globally. Before joining DEG, Felix worked in the private sector for the financial sector and manufacturing industry. Felix holds a Master of Science in Local Economic Development from the London School of Economics & Political Science, U.K., and graduated from the University of Applied Science in Heilbronn, Germany, with a degree in business administration



**His Excellency, Minister Daler Jumaev** was recently appointed the Minister of Energy and Water Resources for Tajikistan, after 13 years as the CEO of IPS Asia's Energy portfolio and as the General Director of Pamir Energy (PE).

Since 2017, as the Regional CEO for Industrial Promotion Services (IPS) Asia's Energy Portfolio, Daler has been leading the mission, strategy and overall execution for IPS, Asia's ambitious goal of providing electricity to mountainous regions. His portfolio encompasses a wide geographic scope including Eastern Tajikistan, Northern Afghanistan and Northern Pakistan.

Recently Daler led the establishment of Badakhshon Energy, an integrated utility company and PPP that is working to provide electricity to the Badakhshan Province of Northern Afghanistan.

Daler obtained his executive education from Harvard Business School (2013) and he pursued his Professional Development Studies at the Kenan-Flagler Business School, University of North Carolina, Chapel Hill (2006). Daler also holds a Bachelor's Degree in Engineering from Tajik Technical University in Dushanbe, Tajikistan (1998) and a Diploma in Economics from Khorog State University, Tajikistan (1999).



**Diwa Samad** is an economist with expertise in policy analysis, public finance management reform, aid effectiveness and program evaluation. Most recently, Diwa Samad served as the Deputy Minister of Policy and Plan at the Ministry of Public Health and led government initiatives that enhanced responsiveness and sustainability of health programs in the country. She also focused on private sector development and public private partnerships in the health sector. She joined the Afghan government in 2016 as Deputy Director of Policy and Plan in the Administrative Office of the President. She later led Directorate of Aid cohesion, steering government strategic direction in implementation of ANDPF and Afghanistan SDG goals. She holds a Master of Economics degree from the University of Malaya and training in system strengthening and sustainable financing through the joint World Bank-Harvard Flagship program in Washington D.C.