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**THE FIRST ORDINARY SESSION OF THE
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Programme for Infrastructure Development in Africa (PIDA)

Priority Action Plan Progress Report



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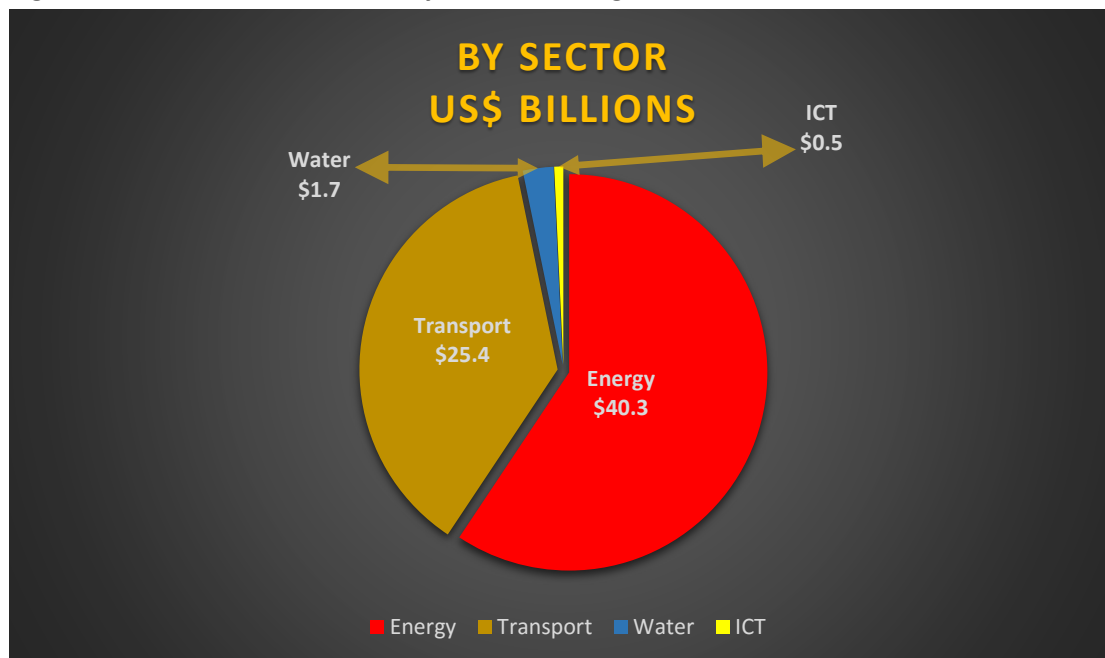
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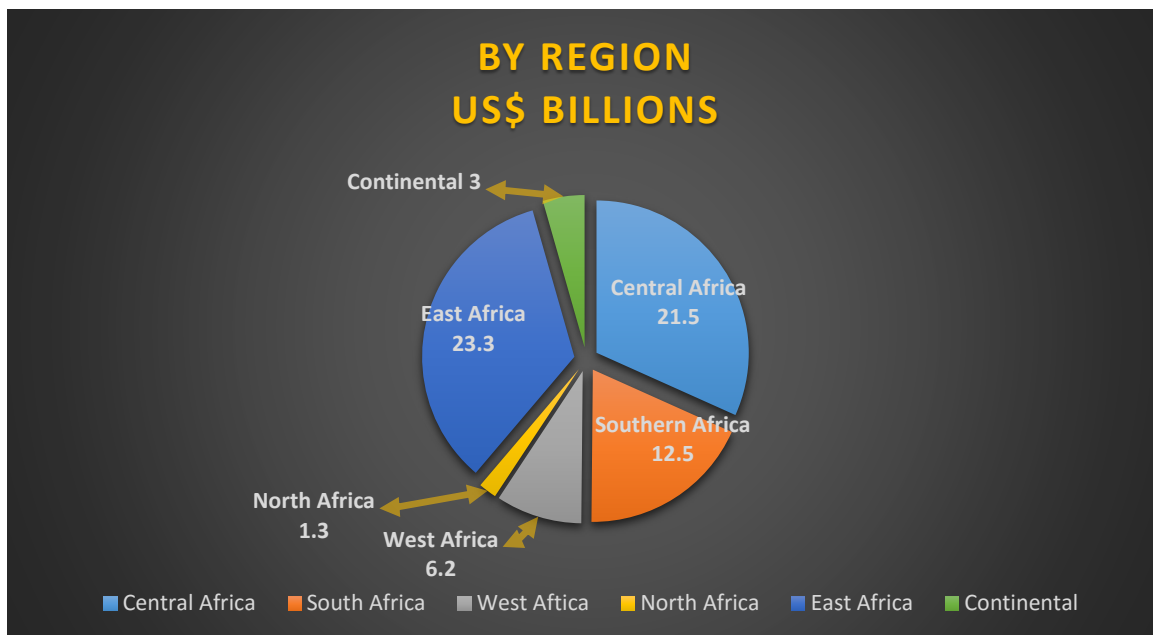
1. The Programme for Infrastructure Development in Africa (PIDA) is an African Union Commission (AUC) initiative, in partnership with the NEPAD Planning and Coordinating Agency (NPCA) the African Development Bank and the United Nations Economic Commission for Africa. The African Union Heads of State and Government formally endorsed PIDA through the adoption of the “Declaration on the Programme for Infrastructure Development in Africa” (Doc. EX.CL/702(XX)) at the XVIII th ordinary session held in Addis Ababa, Ethiopia, in January 2012.

2. The PIDA Priority Action Plan (PIDA-PAP), which extends to 2020, comprises 51 programmes and projects divided into 433 projects covering transport, energy, information and communication technology (ICT) and trans-boundary water sectors. PIDA will allow countries to meet forecast demand for infrastructure services and boost competitiveness by: (i) *Increasing efficiencies*; (ii) *Accelerating growth*; (iii) *Facilitating integration in the world economy*; (iv) *Improving living standards and*; (v) *Unleashing intra-African trade*.

3. While it is difficult to accurately project the capital cost of PIDA’s long-term implementation through 2040 (currently estimated at more than \$360 billion), the overall capital cost of delivering the PAP from 2012 through 2020 is expected to be nearly US\$68 billion, or about \$7.5 billion annually for the next nine years (figure 1). Energy and transport projects and programmes represent around 95% of the total cost, demonstrating the critical need for transformative investments in these sectors to support African trade, promote growth and create jobs. Investment needs for ICT and water represent lower percentages.

Figure 1: Total Cost of PIDA PAP by sector and Regions





4. Implementation of PIDA projects will rely on all actors at all levels of the African development process taking coordinated action—AUC and NPCA at the continental level, the RECs at the regional level and, at the national level, the individual countries on whose territory the projects will be constructed and whose populations should benefit from them. The implementation process is grounded in the Institutional Architecture for Infrastructure Development in Africa (IAIDA) which general aim is to reinforce institutional capacities and to create conducive environment for resource mobilization.

5. The formal rules of procedure for the Council for Infrastructure Development (CID), the Infrastructure Advisory Group (AID) and PIDA Steering Committee have been established and meetings have been held on a regular basis to foster overall coordination of implementation efforts by various stakeholders and to provide general policy guidance and facilitation for smooth implementation of PIDA projects.

6. Partnership is a key constituent of the PIDA programme. In that vein, PIDA’s implementation progress continues to rely on the support of partners such as the European Union, the Luxembourg Agency for Development Cooperation, GIZ, Japan International Cooperation Agency (JICA), and the Development Bank of Southern Africa (DBSA) to mention a few. These partnerships play a pivotal role in the greater facilitation of the implementation of PIDA. Collaboration with the partners contributes to the fast tracking of regional and trans-boundary projects in energy, transport and ICT.

Capacity enhancement, coordination and communication efforts for PIDA-PAP implementation

7. The German cooperation, through GIZ support programme, is working to sustainably strengthen the institutions’ capacities in different areas namely: (i) PIDA monitoring, evaluation and reporting; (ii) PIDA information, communication and marketing; (iii) PIDA project preparation support; (iv) peer-to-peer learning between the AUC, the NPCA and the RECs; and (v) institutional

and organizational development. This phase of the GIZ support programme will end in October 2017.

8. In April 2014, the AfDB launched a three year (2014-2017) project intended to strengthen the capacities of the RECs as well as the AUC and the NPCA to plan, prepare and coordinate the implementation of PIDA projects. Due to the delay in the implementation of this project, the last Council for Infrastructure Development (CID) meeting which was held in Abidjan on 16 November 2015 recommended to request extension of the project beyond 2016. The request was made and the AfDB accepted to extend the project until November 2018.

9. As of October 2016, the following achievements have been made in the implementation of this project:

- Component 1 - Technical Assistance at NPCA

PIDA core team in place at NPCA comprised of 4 experts (M&E, Energy, Transport, and ICT) and 2 officers (Finance and Project Assistant). The gender officer is expected by November 2016.

- Component 2 – Technical Assistance at AUC

A PIDA information Analyst has been recruited and the PIDA policy advisor is expected to join the AUC in the first quarter of 2017.

- Component 3 – Technical Assistance to the RECs

PIDA experts are deployed at CCTTFA, COMESA, EAC, ECOWAS, IGAD, and SADC. The recruitment of experts for ECCAS and UMA is on-going.

10. To improve the communication capability of PIDA implementers, a communication strategy and a corresponding action plan have been developed in coordination with the RECs and a Virtual PIDA Information Centre (VPIC) that serves as the contact point of all PIDA related enquiries is operational (www.au-pida.org/). In addition, the PIDA Journalists Network was launched in May 2016 to facilitate synergies among donors and to increase the visibility of PIDA, its project and its impact respectively.

Mobilizing resources to accelerate PIDA-PAP delivery

11. The Dakar Financing Summit (DFS), held in June 2014, was aimed at mobilizing various stakeholders to accelerate the implementation of priority regional infrastructure projects.

12. The Dakar Agenda for Action (DAA), which was the main outcome of the DFS, identified infrastructure development as a key driver and a critical enabler for sustainable growth in Africa and how the continent's public and private sector will partner with other development players to ensure financing and investment for key regional infrastructures. To this end, the Summit agreed to prioritize the financing of the 16 infrastructure projects as pilot to accelerate the implementation of PIDA, while the African Development Bank was invited to finance the preparation of these projects.

13. The Dakar Financing Summit identified the following four bottlenecks for PIDA implementation, including (i) Lack of capacity for project preparation; (ii) Lack of funding for

project preparation; (iii) Lack of project financing; and (iv) Lack of involvement of the private sector.

14. As part of the efforts to address the lack of capacity for early stage project preparation at the national and regional level, the PIDA Service Delivery Mechanism (SDM) complemented by the *NEPAD Infrastructure Project Preparation Fund (IPPF)* provided early stage project preparation support and project feasibility respectively, to PIDA Programmes, in line with the tunnel of funds approach. To ensure comprehensive early stage project preparation for the Abidjan-Lagos Corridor, the SDM, with GIZ's support, provided advisory services to the ECOWAS Commission and the five project member states (Côte d'Ivoire, Ghana, Togo, Benin, and Nigeria).

15. To tackle the lack of funding for project preparation (bottleneck 2), the Roundtable on Project Preparation Facilities (PPFs), which convened in Cape Town, Republic of South Africa in November 2014 agreed to work on a common and harmonized application form to obtain funds for project preparation. Furthermore, the PPFs plan to compile a guide explaining how to access funds and how to identify flagship projects where the various PPFs could jointly intervene

16. Africa 50 was established to address the lack of project financing (bottleneck 3). It aims to accelerate the process of implementing infrastructure projects in Africa by mobilizing private finance to fund high-impact projects in energy, ICT, water and transport. The initiative will mobilize both global and local capital, and will likely increase the number of actionable projects in Africa through increased funding. More importantly, the long-term strategic aim is to directly invest US\$ 10 billion in projects, and facilitate total project investment of US\$ 100 billion by crowding in private sector players. Africa 50 will operate across the project life cycle with two main business lines: (i) The Project development business line, which provides a steady deal flow of well-structured projects focus on late stage project preparation; and (ii) the project finance business line, which deals with sound investments generating commercial returns.

17. In order to tackle the lack of involvement of the private sector (bottleneck 4), efforts have been made to engage the private sector in implementing PIDA projects including the mobilization of resources. The NEPAD Agency launched the Continental Business Network (CBN) as a high-level platform for private sector involvement in the PIDA projects in June 2015. The CBN is composed of 40 top global and African CEOs to make a concrete commitment towards the development of Africa's regional infrastructure. Specifically, the emphasis has been to explore how public and private sectors at the highest-level can collaborate to de-risk projects. This would make them more attractive to domestic and international pension funds, sovereign wealth funds and other long-term investors.

18. Since the adoption of PIDA-PAP, priorities have changed and new emerging issues have arisen. There is, therefore, a need to revisit the selection criteria for PIDA projects and update the list of PIDA-PAP to align it to stakeholders' needs and priorities.

19. In 2016, a preliminary mid-term review was conducted with focus on PIDA-PAP performance for the period 2012 to date, and as part of the scope, the review sought to understand the relevance, efficiency, effectiveness, coverage, coherence, pointers towards likely attainment of sustainable impact, that the Member states and Regional Economic Communities

(RECs) implementation have so far reached to date, based on agreements and action projects, as well as lessons and challenges. The review revealed the following issues among others:

- Issues, such as insecurity and political challenges in many African countries, as well as refugees and immigrants, affect the grassroots implementation of the PIDA.
- Membership of Member States and multiple RECs results in duplication, contradictions and conflicting priorities at a national level. This calls for devising sensitive strategies that capture and address these realities, while enabling proper sequencing of actions that encompass all key sectors.
- There are constraints in accessing financing mechanisms
- There is inadequate capacity at country level and is exacerbated by other factors, such as inability to travel to each country to collect data, impacting on the National Statistics Offices.
- There is a need to report more on outcomes as opposed to outputs, including accountability to the beneficiary populations, as well as the need to have a wider African infrastructure outlook beyond the PIDA.
- There is need to fund data collection at REC levels, as well as establishing a baseline;
- Low absorption of funds, especially for capacity building projects, is also leading to limited implementation capacity and cyclically to continued low absorption capacity.
- There may also be a need to down-size goals to more achievable levels that correlate to available human and institutional capacities, considering the operating environment.

PIDA-PAP Implementation on the ground

20. The PIDA programme of action (PIDA PAP) in the energy sector comprises 15 programmes and projects, calling for the development of major hydroelectric projects to generate energy and to increase access to electricity, in order to power Africa's development. It also includes transmission lines to connect the continent's power pools and permit a large increase in inter-regional energy trade and cooperation. One regional petroleum-product pipeline and the Nigeria-Algeria gas pipeline are part of PIDA-PAP in the energy sector.

21. Notable projects under implementation include the Grand Ethiopian Renaissance Dam, the Sambangalou Dam (Senegal), the Zambia-Tanzania-Kenya Interconnection, and the Rusumo Falls (Rwanda, Burundi, Tanzania). The Kaleta Hydroelectric Project was completed and launched by the President of Republic of Guinea, H.E. Mr. Alpha Condé in September 2015. Other projects are at the preparatory stages.

22. With its 24 programmes and projects, the PIDA-PAP objective in the transport sector is to link the major production and consumption centres, provide connectivity among the major cities, corridor modernisation, define the best hub ports, railway routes and air transport systems and open the land-locked countries to improved regional and continental trade. Remarkable progress is being observed for the Trans-African Highway number seven (TAH7) including the Dakar-Abidjan Coastal Corridor, the Abidjan-Lagos Corridor, the railway loop Cotonou-Niamey-Ouagadougou-Abidjan, the Nigeria-Cameroon Multinational Highway, the Trans-Gambia Transport Corridor, the Trans-West African Coastal Highway Programme and the Central Corridor. The Djibouti-Addis Ababa railway

has been completed and was launched in September 2016. There are also on-going studies for the establishment of pilot smart corridors along the North-South and the Dar es Salam corridors.

23. The agenda 2063 flagship project on the establishment of the Single African Air Transport Market is to be launched in June 2017. Seventeen countries have signed the solemn commitment to fully implement the Yamoussoukro Declaration immediately towards the establishment of the Single Air Transport Market. The volume of air transport demand envisaged necessitate the modernisation of airport infrastructure in the continent, air navigation systems and the development of airport hubs particularly in central and West Africa.

24. The PIDA-PAP in trans-boundary water is made up of nine programmes and projects. It aims at developing multipurpose dams and building the capacity of Africa's lake and river basin organizations, so that they can plan and develop hydraulic infrastructure. Preparation studies for the Multipurpose Fomi Dam are ongoing and implementation of the Second Phase of the Lesotho Highlands Water Project (LHWP) was officially launched in March 2014.

25. In the ICT sector, the focus is to provide sufficient connectivity through deployment of optic fiber across all countries linking them to international marine optic cables in order to ensure uninterrupted regional and global connectivity. Four projects are being implemented and these are: (i) The Optic Fibre Project from Algeria to Nigeria via Niger, the Tunisia and Algeria internet networks interconnectivity, (ii) the COMESA Telecommunications Company (COMTEL) project, (iii) the Southern African Development Community (SADC) Digital 2027 and the African Internet Exchange System (AXIS).

Conclusion

26. Although PIDA is a sensible framework, making it functional would require strong local ownership, "political championing" by individual heads of states/governments, significant capital commitment, greater coordination amongst key political actors, and engagement of the private sector. Lack of bankable projects remains a key bottleneck of PIDA. Large infrastructure projects have long gestation periods and often require complex feasibility studies and expert transaction advice. The costs of preparing large-scale infrastructure projects amount to between 7 and 10 percent of the project's final investment costs. So to invest \$68 billion in infrastructure projects by 2020, some \$4–7 billion a year must be spent on project preparation. This sort of finance is currently not available from donors or from African governments while private investors are reluctant to pay for the full infrastructure development costs. The problem is particularly acute for large scale regional projects where the risks of project delay and cancellation is hard for the private sector to assess.