

**The 2nd Dakar Financing Summit
for Africa's Infrastructure Development (DFS 2.0)**

Dakar, Senegal, January 2023

Keeping the momentum for continental infrastructure transformation

Under the distinguished leadership of His Excellency President Macky Sall, President
of the Republic of Senegal, Chairperson of the African Union

TORs -Development of PIMS and Project Investment Prospectus

TERMS OF REFERENCE

Consultancy Services to Market Package 20 Infrastructure Projects (PIDA), including Projects Information Memorandum (PIM) and Projects Investment Prospectus (PIP)

Context and DFS Background

Under the distinguished leadership of His Excellency President Macky Sall of Senegal, Chairperson of the African Union, the Government of Senegal, and the African Union Development Agency (AUDA-NEPAD) are convening the Second Dakar Financing Summit for Africa's Infrastructure Development (DFS-2). The Summit is planned to take place in January 2023 in Dakar, Senegal. The overall event is scheduled to take place over two days.

The Dakar Summit aims to mobilize key stakeholders around the efforts of the African Union and AUDA-NEPAD to accelerate the implementation of priority regional infrastructure projects. Stakeholders include African Heads of State and Governments, Business executives, Development Finance Institutions (DFIs), Private Investors, Institutional Investors, and development partner institutions. By bringing together the highest decision-makers from the public and private sectors, the Summit will provide a space to find practical ways to improve project preparation and identify innovative financing structures involving public and private financing. At the end of the Summit, project owners and developers will better understand how to effectively design project preparation and thus reduce the time it takes to get PIDA projects to market. At the same time, potential financiers will have addressed the issue of obstacles to the financial viability of projects and will be in direct contact with project developers and regulators.

About the PIDA PAP 2

In February 2021 the AU Heads of State and Government adopted the Second Priority Action Plan (PAP 2) of the Programme for Infrastructure Development in Africa (PIDA) – PIDA is the African Union's (AU) continental infrastructure framework to address infrastructure bottlenecks through cross-border infrastructure development in the areas of Transport, Energy, Information and Communication Technology (ICT) and Water. PIDA PAP 2 comprises 69 priority infrastructure projects to be implemented by 2030 complemented by an implementation plan and financing strategy.

According to the PIDA Financing Strategy, the 69 PIDA PAP 2 projects represent an aggregate CAPEX of USD\$ 160.8bn. The average annual infrastructure commitments required for the PIDA-PAP 2 during its implementation period 2021-2030 result in USD\$ 16 bn, 60% higher than the yearly average of financing commitments secured during PIDA-PAP 1 (USD\$ 10 bn over 8 years). PIDA-PAP 2 projects have been selected ensuring an equal regional distribution in the number of projects across African regions. Nevertheless, the distribution of CAPEX costs differs significantly among regions. Whereas projects' CAPEX costs in Western and Eastern Africa account for US\$ 40.5 billion and USD\$ 37.9 billion respectively, other regions such as southern and central Africa account for US\$ 13.8 billion and USD\$ 8.6 billion, respectively. Additionally, there are 17 multi-regional projects with an estimated cost of USD\$ 43.6 billion.

Total costs associated to PIDA-PAP 2 also needs to consider those related to project preparation and implementation, as well as with project operation and maintenance. These are estimated as a percentage of total CAPEX and include the following elements:

- **Project Preparation Costs** (5% - 7%, USD 11.3 m): Development of Enabling Environment for the project, Pre-Feasibility & Feasibility studies, Transaction Advisory services, and Detailed Engineering Design, as well as ensuring the financial sustainability of the PIDA institutional mechanisms
- **Project Implementation Costs** (9% - 12%, USD 19.3m): Transnational Project Supervision and Management, ensuring the financial sustainability of Specialized Agencies responsible for project coordination and implementation
- **Operation and Maintenance Costs** (21%, USD 34.1 M): It is based on the average O&M costs for each sector, weighted as a percentage of their respective CAPEX. Estimated O&M costs span over the infrastructure life cycle and does not include reposition costs (REPEX).

The sector distribution of the preliminary list of shortlisted PIDA-PAP 2 projects shows that Transport is the predominant sector, accounting for the largest proportion of the total CAPEX costs (67%) as well as for the largest number of projects (25 projects). Energy, ICT, Water and Energy sectors account for 24%, 6% and 3%, respectively, of CAPEX costs.

As shown in the table below, 61 % of the PIDA PAP 2 projects do not have full feasibility studies. 29 % are either at structuring or transaction advisory stage, those projects account for USD 70 billion of t USD 161 billion required investment.

Overview of the PIDA PAP 2 Portfolio

Project development stage	Number of projects	Required Investment (USD Bn)
S0-Enabling Environment	6	4
S1-Project Definition	12	14
S2A-Pre-Feasibility	14	21
S2B-Feasibility	17	52
S3A-Financial Structuring	11	44
S3B-Transaction Advisory & Financial Close	9	27
Total	69	161

Rationale

DFS-2 core ambition is accelerate the investment flow into PIDA projects. Indeed, the status quo of PIDA projects illustrates the challenges facing regional infrastructure development, namely: the high investment required, lack of project preparation, and the necessity for market packaging of projects to effectively mobilize funding

To efficiently and effectively mobilize financial resources, especially also from the private sector, infrastructure projects need to be packaged in concise Project Information Memorandums (PIMs) and Investment Prospectus which create an appetite for investors and contain specific data features to demonstrate bankability (e.g. regional business case, project objectives, project socioeconomic outcome and impact on national and regional level, readiness, benefits, risks, risk mitigation instruments, opportunities and ways of engagement for public and private potential financiers etc.).

Objectives of the assignment

The objective of this assignment is to develop 10 PIMs and 10 Investment Prospectus for selected PIDA Projects to be showcased during the Second Dakar Financing Summit (DFS-2) in January 2023.

Key activities

I. Appraise PIDA projects in view to select the most suitable for PIMS and Investment Prospectus

- Research and propose at least 20 PIDA PAP 2 projects that have the potential to be market packaged by analyzing available project information and documents, and based on existing work carried by the AUDA-NEPAD
- Before this assignment, a list of pre-selected projects with respective study and – where available – (preliminary) design documents will be provided by AUDA-NEPAD for further analysis. The Consultant will assist the client by collecting missing project information.
- Based on projects identified by AUDA-NEPAD and Consultant, utilize the PIDA SDM Quality Label Quick Check Methodology ¹ to screen projects. The main selection criterion shall be the readiness of the project, i.e., how ready is the project for investment.
- Group pre-selected projects by investor category (e.g., African Pension/Sovereign Wealth Funds, commercial banks, Development Finance Institutions, project developers, development partners, etc.). One project might be interesting for several investor groups.
- Importantly, AUDA-NEPAD will make a pre-selection of the projects. The first criteria being projects with high political priority, projects must have completed and have available feasibility studies and (preliminary) detailed designs, and projects must avail all documents to the Consultant at the beginning of the assignment.

II. Develop at least 10 Project Information Memoranda and 10 Project Investment Prospectus

Develop comprehensive and detailed project briefs (PIM) for the selected infrastructure projects. These PIMs should provide the following information:

- **Overview** - a concise overview or “teaser” of your project and its unique selling points. It should very quickly help answer the question: why would anyone want to invest or partner in the project?
- **Investment Summary** – key points that summarize the investment opportunity including offering price,
- **Offering Procedures** – include information on how to schedule a tour for the project site and details about the offer process.

The document should reflect the following details.

- Name of infrastructure/PIDA Programme (if it is a PIDA project) and Project
- Sector and Sub-Sector
- Project Countries and Location

¹ The PIDA Quick Check Methodology refers to a project screening tool that helps to identify project preparation gaps to offer technical advisory to close these gaps.

- Project description (context, objectives, political support i.e., is the project featured in the national and regional infrastructure plans)
 - Project implementation stage according to PIDA implementation scale², (S0-S4B)
 - Project cycle status (what was the last activity and when-year)
 - Identification of key actors and their responsibilities (Implementing authority, national ministries, REC department, project sponsors and contact details)
 - Regional integration impact, socioeconomic benefits (national and regional) and environmental impact
 - Delivery Model (Public, PPP, Private sector)
 - Market size and revenue projections
 - Environmental, socioeconomic impact and sustainability model
 - High-level financial calculation (incl. CAPEX, OPEX, financial structuring, etc.) and financial modeling (with assumptions e.g., tariffs/toll fees, scenarios) including the Economic Internal Rate of Return (EIRR) and the Financial Internal Rate of Return (FIRR)
 - Business Model (including regional dimension) and proposed governance structure
 - Concession length and permits/licenses to be issued
 - Capacity/Throughput
 - Cost and benefit-sharing between project countries (risks identified, and risk mitigation instruments agreed upon)
 - Regulatory and institutional arrangements in place and if any, additional reforms required to harmonize national legislation for technical and regulatory alignment
 - Identification of key events (e.g., for political or financial support) to promote projects i.e., what needs to be done/finalized to ensure a way forward
 - Investment opportunities for the private and public sector and adjacent resource mobilization activities
 - Milestones and rollout timeframe for implementation
 - Key financial ratios and assumptions used in preparing the financial model of the project to be included
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- Formulate investment opportunities for the private sector and institutional investors' involvement and an appropriate strategy to mobilize private sector commitment for the three projects.
 - Formulate specific opportunities for domestic resource mobilization (crowding in pension funds, sovereign wealth funds, and diaspora funds) for each of the three projects specifically taking into consideration AUDA-NEPAD's 5% Agenda³.
 - Develop a PowerPoint Presentation that summarizes the three project briefs (project details and investment opportunities) per project to be presented at virtual and physical events for resource mobilization and project promotion (e.g., PIDA Week, Africa Investment Forum, EU-AU Summit).
 - Develop an Investment Prospectus and a PowerPoint Presentation that can be showcased to investors in boardroom and in format of brochure.

² See <https://www.au-pida.org/project-stages-and-key-milestones/>

³ The 5% Agenda is an AUDA-NEPAD campaign to increase the allocations of African asset owners to African infrastructure from its low base of approximately 1.5% of their assets under management (AUM) to an impactful 5% of AUM.

III. Sound the market and secure Commercial Interest/for at least 3 Projects

- Conduct close liaison and follow up with AUDA-NEPAD and other private sector actors for project for confirmation of commercial interest via agreed Lol/Mou.
- Mobilize investors to confirm commercial interest via Lol or MoU

All the above services are to be coordinated under close guidance and communication with AUDA-NEPAD as the beneficiary.

Deliverables

All deliverables shall be ready by 15th December 2022. The exact dates are to be confirmed. The following are indicative milestones for successful project completion and to be jointly implemented and steered with AUDA-NEPAD.

#	Deliverables (milestones)	Description and Timeline
1	Kick-off meeting between client and Consultant	Client to present their strategy for implementing the assignment 1 week from start of the assignment
2	Submission of inception report with the implementation plan	<ul style="list-style-type: none"> ➤ Submit inception report based on review of technical documentation shared by client ➤ Submit project implementation plan for approval 1 week from start of the assignment
3	20 high potential projects identified for investor feedback o	<ul style="list-style-type: none"> ➤ 20 Proposed projects identified for investor feedback and based on project selection criteria outlined and screened using PIDA QCM ➤ 10 projects to be selected for market packaging in PIMs 3 weeks from start of assignment
5	Submission of final 20 market packaged PIMs and Investment Prospectus by Consultant to client	<ul style="list-style-type: none"> ➤ Consultant to provide 20 draft PIMs and Investment prospectus ➤ Client to review draft PIMs and provide feedback ➤ Final project PIMs submitted 10 weeks from start of assignment
6	Submission of finalized PPT and other documentation by consultant to client	<ul style="list-style-type: none"> ➤ PPT and brochure for 20 projects that summarizes the project briefs is submitted and accepted by client 12 weeks from start of assignment
7	Commercial interest for 3 projects secured	Lol and/or MoU secured for 10 projects 14 weeks from start of assignment

Qualification and work experience required

The consultant firm should have the following company and expert profile to be selected to provide the requested services:

- a proven track record of preparing and financially and legally structuring large-scale, cross-border infrastructure projects across the sectors multimodal transport corridors (road, rail, ports) and energy projects (energy transmission and hydropower generation)

- a proven track record of marketing infrastructure projects and securing commercial interest from investors
- working experience with different types of investors (banks, project developers, development partners, institutional investors, etc.)
- experience in mobilizing finance for infrastructure projects using various instruments (e.g., grants, concessional & commercial loans, mezzanine debt, equity, infrastructure bonds etc.)
- working experience with public African institutions, like the African Union Commission, the AUDA-NEPAD, or regional economic communities
- a good understanding of regional integration and PIDA, ideally also previous work experience around PIDA projects
- profound regional experience in Africa/Sub-Saharan Africa

The team must include the following profile:

Infrastructure Finance Expert (Team leader)

The team leader will be responsible for:

- Responsibility for controlling the use of funds and financial planning in consultation with AUDA-NEPAD's officer responsible for the commission
- Coordinating and ensuring communication with AUDA-NEPAD, partners and others involved in the project
- Regular reporting in accordance with deadlines

The team leader should meet the following qualifications:

- Education/training: At least a master's degree in economics, finance, or related field
- Language: Must be fluent and have functional business language in English, French is an asset
- General professional experience: Minimum of 10 years working experience related to infrastructure financing, planning, and implementation
- Specific professional experience: 8 years proven track record of financially packaging of large-scale, cross-border infrastructure projects and mobilizing funds for infrastructure projects
- Leadership/management experience: 6 years' experience in leading consultants' teams in infrastructure assignments
- Regional experience: 3 years of track record in preparing and negotiating infrastructure PPPs in Africa
- Development Cooperation (DC) experience: Understanding of PIDA and AUDA-NEPAD's mandate, ideally has working experience with pan-African institutions

Legal Infrastructure Expert (Expert 2)

The expert will provide the following services:

- Advise in the planning, design, and legal structuring of infrastructure project
- Provide guidance on structuring a PPP project and its enabling environment
- Assess legal scope to package project and secure commercial interest
- Assist team leader with sector specific information

The expert should meet the following qualifications:

- Education/training: At least master's degree in law, engineering, finance, or related field
- Language: Must be fluent and have good business language in English, French is an asset
- General professional experience: 5 years' experience of working and/or consulting experience in infrastructure project planning, preparation, financing, and implementation
- Specific professional experience: 3 years' experience of financially and legally structuring large-scale, cross-border infrastructure projects in the sectors transport and energy
- Leadership/management experience: 3 years' experience having worked with similar assignments on infrastructure project market packaging to mobilize infrastructure financing
- Regional experience: 2 years of proven experience in working with regional infrastructure projects in Africa
- Development Cooperation (DC) experience Understanding of PIDA and AUDA-NEPAD's mandate, ideally has working experience with pan-African institutions
- Other experience: 2-3 years of experience in technical due diligence and advice on infrastructure project structuring and contracts

Investment Officer/PPP Expert (Expert 3)

The expert will provide the following services:

- Advise in the planning, design, and legal structuring of infrastructure project
- Provide guidance on structuring a PPP project and its enabling environment
- Assess financial scope and feasibility to secure commercial interest for projects
- Mobilize commercial interest for projects
- Assist team leader with sector specific information

The expert should meet the following qualifications:

- **Education/training:** At least bachelor's degree in economics, finance, or related field
- Language: Must be fluent and have good business language in English, French is an asset
- **General professional experience:** 5 years' experience of working in financial institutions
- **Specific professional experience:** 3 years proven track record of marketing large-scale infrastructure projects to investors
- Financial analysis, PPP certified professional, and project finance experience through to financial close

Leadership/management experience :

- Regional experience: 1 years of proven experience in working with regional infrastructure projects in Africa
- Development Cooperation (DC) experience Understanding of PIDA and AUDA-NEPAD's mandate, ideally has working experience with pan-African institutions

- **Other experience:** Proven ability to conduct high quality research (literature and interviews)

END.