



PIDA Service Delivery Mechanism (PIDA-SDM)

Assistance for
Early Stage Project
Preparation to
Accelerate Regional
Infrastructure

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Who we are

In 2012, the African Heads of States and Government adopted the Programme for Infrastructure Development in Africa (PIDA) as the continental strategic infrastructure framework for the African Union's stakeholders and partners to address the infrastructure deficit, boost intra-regional and international trade, spark growth and create jobs on the continent. The PIDA Priority Action Plan (PIDA-PAP) comprises 51 cross-border infrastructure programmes including more than 400 single projects in the sectors of energy, transport, water and information and communication technology.

In 2014, during the Dakar Financing Summit (DFS), African Heads of State and Government recognised the lack of technical and financial capacity during project preparation as one of the key bottlenecks to drive regional infrastructure projects towards financial close. Consequently, the DFS mandated the NEPAD Agency to develop a specific instrument that addresses this challenge. Pursuant to the recommendation by the DFS, the PIDA Service Delivery Mechanism (SDM) was developed and established by the African Union Commission and the NEPAD Agency.

The SDM is an instrument **that tackles the lack of technical and financial capacity during the project preparation phase via technical advisory in order to give initial momentum to PIDA projects to be tunnelled through the project preparation cycle.** SDM core mission is to **make Africa's cross-border infrastructure projects technically sound, economically feasible and politically acceptable.**

Our value proposition

The traditional project preparation facilities focus on the mid/late stages of project preparation within a particular context of the capacity and resource constraints in many countries and lead infrastructure agencies. Consequently many regional priority projects struggle in gaining support to progress from concept to a point where they meet the application criteria to Project Preparation Facilities could be provided.

The NEPAD Agency as the PIDA SDM's host institution responds directly to this gap and is thus mandated to support a cohort of activities at project origination stage.



What we do

The SDM works as a pool of resources seeded to jumpstart the procurement of high-quality expertise and to provide project preparation, origination and enabling environment advisory services. The clients of SDM advisory services are national lead agencies and RECs involved in the implementation of regional infrastructure projects, to get them technically ready for feasibility studies.

We assist regional project owners with advisory services for early-stage project preparation to move projects from concept stage to the point where feasibility studies can start.

The SDM supports the conclusion of inter-governmental agreements among stakeholder's countries and consequently the setup of Special Purpose Intergovernmental Entity as well as the formulation of ToRs for further project preparation.

Our mandate and focus area is not to replace nor replicate the functions of existing Project Preparation Facilities (PPFs), but to complement them:

- 1. The SDM focuses on cross-border infrastructure projects and therewith addresses highly complex regional challenge (e.g. Necessary policy and regulatory harmonization; Agreement between states, etc.)**
- 2. The SDM builds capacity at national and regional (REC) levels and has the potential to focus on a variety of sectoral projects (energy, transport, ICT and water) with a substantial project pipeline that covers the entire continent**
- 3. The SDM focuses on early stage advisory services to prepare projects to the extent that other PPFs can take over (e.g. the SDM would prepare the establishment of cross-border management institutions to manage feasibility studies financed by PPFs)**

SDM core areas of interventions

Within the project preparation steps from early stage through to mid-stage and finally late-stage where project reach financial close, the role of the SDM in the Value Chain is to support in taking projects from origination stage to pre-feasibility stage including enabling environment.

SDM Services	Deliverables – Examples
1. Project Investability Assessment and Financial Advisory to ensure that project design is acceptable to targeted providers of public and/or private capital	Investability Scoping Report: SDM Experts in partnership with development partners and development bank's provide an initial screening of project investability, including possible business and PPP models. The SDM also develops an on-line platform of possible sources of funding and risk mitigation support for each stage of the project development process, from project preparation to construction and operation & maintenance.
2. Development Impact, Stakeholder Mapping, Job Creation Toolkit, and Advisory to maximize development impact and estimate the total job creation (direct, indirect, induced, secondary) resulting from infrastructure projects, including the testing of alternative project designs to maximize African employment and local content	Development of Job Maximization Strategy using the Job Creation Toolkit: SDM Experts assess potential ways to design the project to increase the use of African labour, equipment, and services. The Assessment will cover potential linkages at local, national, subregional, and continental levels, including the creation and strengthening of value chains using African SMEs and companies.

SDM Services	Deliverables – Examples
3. Cross-Border Harmonization Support to enable viable project operation across two or more countries by aligning regulatory, legal, procurement, and institutional frameworks	Development of the Project Harmonization Strategy: SDM Experts produce a detailed project report setting forth the specific required harmonization actions by the host governments to ensure the successful development of the cross-border project.
4. Ongoing Project Management and Tracking to accelerate the project development against a concrete project development timeline and benchmarks to enable dynamic reporting to project owners, host government senior leadership, and stakeholders	Development of Project Tracking and Reporting System: SDM offer to manage the project development process. A system for performance tracking will be developed with a project development timeline. This tracking function will enable dynamic reporting to project owners, host government senior leadership, development partners, and stakeholders. This tracking system will also enable detailed informative accurate reporting to the AU Summit and Heads of State.
5. PIDA Project Diagnostics and Solutions to assess PIDA Projects that have stalled, identifying bottlenecks and possible solutions for consideration of the project owners, with implementation of remedial actions as appropriate	Project Development Acceleration Strategy and Project Development Services: If a PIDA project is stalled, the project owners can request that SDM Experts assess the issues stalling the project and develop recommendations on ways to solve the issues.

How we operate

Based on specific eligibility criteria and technical screening, we receive, examine and validate requests for technical assistance from Regional Economic Communities (RECs), National Government Infrastructure agencies, and regional infrastructure development agencies. SDM mobilizes partnerships and resources for regional infrastructure development and coordinates the implementation of the technical assistance request that are approved.

- **Project eligibility criteria**

To be eligible for SDM support services, applications should emanate from a Regional Economic Community (REC), a Specialized Regional Infrastructure Development Institution (SRIDI) or a Member Country. In addition, the request must be in align with SDM's scope of activities described previously. Finally, the project must be part of PIDA, be national and regional priority with potential developmental impact.

- **Selection process**

Once applications are received, a technical review committee internal to NEPAD Agency will undertake a 3 steps process to assess the project.

1. Eligibility screening of the request in line of the SDM criteria
2. Technical screening of the request to determine the socio-economic soundness of the project in term of developmental impact.
3. Prioritization of the requests. The Committee formulate recommendation to NEPAD Agency's leadership to approve the application by decision.



Our success story-Abidjan Lagos Corridor Management Authority

The NEPAD Agency provided technical assistance through PIDA SDM Services to the Commission of the Economic Community of West African States (ECOWAS). The objective of the SDM was to advise with the institutional and legal establishment of a transnational corridor management authority to move the Abidjan – Lagos Transport Corridor from project origination to pre-feasibility stage. It is the expectation of the African Union's leadership and partners that this project provides a model for corridor facilitation throughout the continent, demonstrating the efficiency resulting from high level political commitment and engagement in the development of cross-border infrastructure projects in Africa.

Our work in ECOWAS concluded at the sign of multilateral treaty between the Heads of State and Government of Benin, Cote d'Ivoire, Ghana, Nigeria and Togo recognising a supranational authority, the Abidjan Lagos Corridor Management Authority (ALCoMA). This is the first ever treaty of this nature that is signed in Africa to promote infrastructure development, trade and development. The unique value add of ALCoMA is illustrated by its authority to manage and coordinate the entire project cycle: from preparation to construction and eventually operation & maintenance, which is unprecedented on the continent.

In addition, the legal and institutional frameworks of the Authority were developed and the authority has all the necessary skeleton to function as a transnational management authority. We have also assisted ECOWAS with relevant communication and advocacy materials to promote the Corridor as a best practice example and reach the relevant stakeholders and partners.

Furthermore, the African Development Bank (AfDB) has committed to fund the operationalization of the Corridor's Management Authority as well as the detailed studies.

Reasons to join SDM

For **development partners** infrastructure development is now viewed as a critical component to any initiative aiming to improve people's life in Africa. However, there is a clear consensus on the urgent imperative for improving early-design and development of Africa's cross-border infrastructure projects. Supporting the SDM mandate to deliver in well prepared projects will contribute to empower African institutions and help in achieving the sustainable development goal that aims to “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”. Accordingly, the PIDA SDM managed by the NEPAD Agency contributes to the achievement AU's Agenda 2063 by facilitating the implementation of world Class Infrastructure Criss-Crosses Africa.

The issue of bankability is the most critical when it comes to infrastructure project development for the **Private Sector**. SDM's ultimate mission is to make regional projects economically feasible, technical sound and guarantee their political acceptability.

As per African Governments, the SDM is a unique and the only specific African cross-border project preparation mechanism that aims to build capacity to project owners at country and regional (Regional Economic Communities) level. Therefore, the SDM can unlock complex regional challenges by enhancing capacity value at regional and also national level. In that regard, resources are optimally used to drive the inception of mega infrastructure projects

You can join and support our effort through Funding or Technical Cooperation with the NEPAD Agency, based on institutional agreements.



For more information please contact:

Ibrah Wahabou

NEPAD Planning and Coordinating Agency

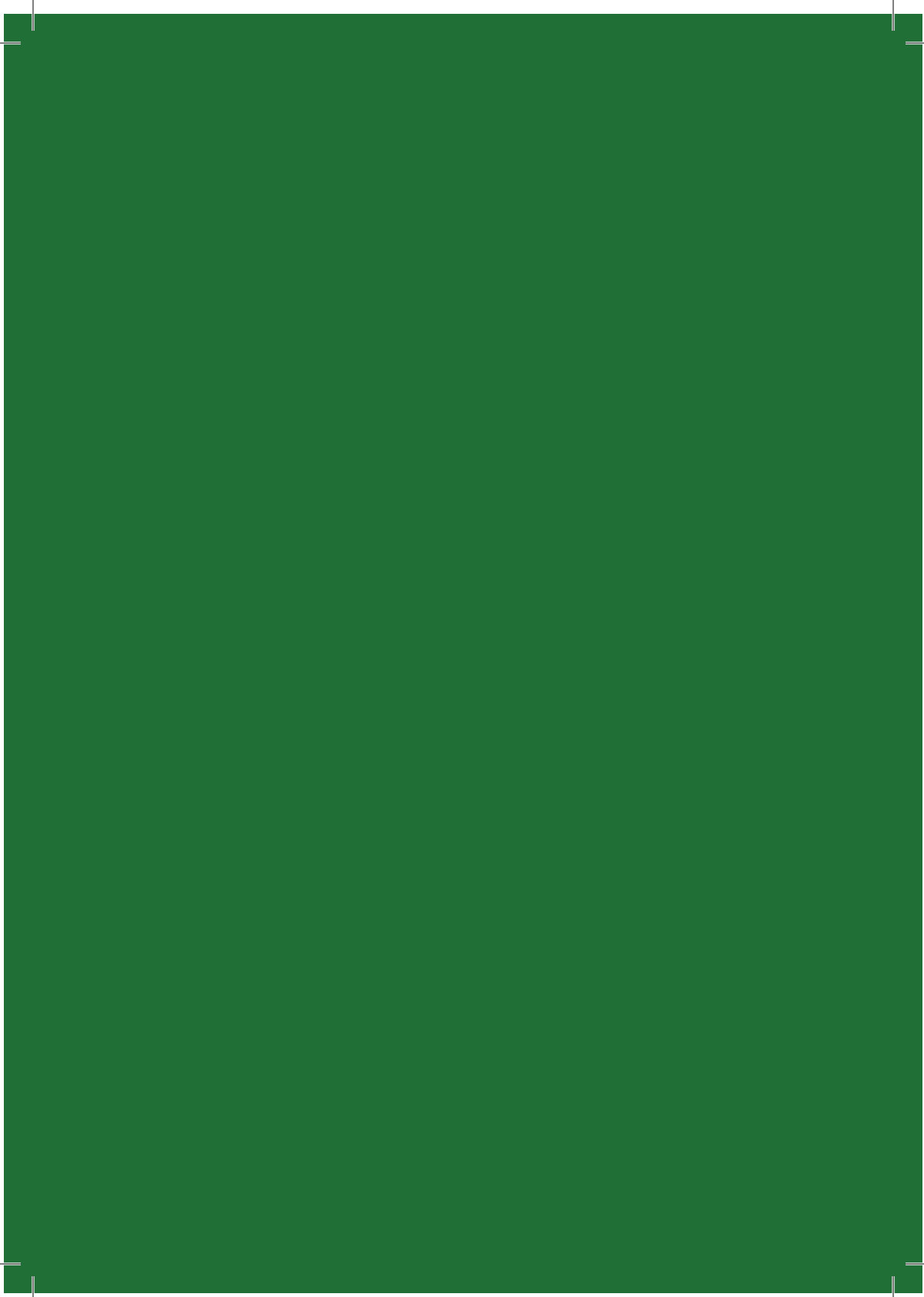
230 15th Road, Midrand, Johannesburg, South Africa.

Tel: +27 11 256 35 36

Cell: +27 76 315 7204

Email: wahaboui@nepad.org







For further information, see the Virtual PIDA Information Center (VPIC) under

www.au-pida.org

