



PIDA WEEK 2017

Opening Statement

Dr. Ibrahim Assane Mayaki
CEO, NEPAD Agency

10 December 2017
Walvis Bay, Namibia

DRAFT



(Protocol:

Hon. Minister of Public Works and Transport,
AUC Commissioner for Infrastructure & Energy
Distinguished guests,
Ladies & Gentlemen

1. Achievements in PIDA Implementation

Distinguished delegates,

Ladies and Gentlemen,

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, increase growth and create jobs on the continent. To kick-start the implementation of PIDA, we developed the PIDA Priority Action Plan (PIDA-PAP) comprising 51 cross-border infrastructure programmes with more than 400 individual projects in the sectors of energy, transport, water and information and communication technology.

Two years after the rollout of PIDA, the expectation of having Public Private Partnerships (PPP) in the project implementation process was not actualised. As a result, in 2014, H.E President Macky Sall called for the Dakar Financing Summit (DFS). At the Summit African Heads of State and Government including leaders of Industry and Finance recognised the lack of technical capacity for project preparation as one of the key bottlenecks to driving PIDA projects towards financial close. Consequently, the Summit mandated NEPAD to develop a specific instrument to address this challenge.

Pursuant to the recommendation by the Dakar Summit, the African Union Commission and the NEPAD established the PIDA Service Delivery Mechanism



(SDM) as an instrument that tackles the lack of technical capacity during the project preparation phase. The SDM core mission is to make Africa's cross-border infrastructure projects technically sound, economically feasible through technical advisory services facilitated by NEPAD.

Through the PIDA SDM, we worked with ECOWAS to institutionally and legally design the set-up of a supranational project management authority for the Abidjan-Lagos Corridor – a road corridor which transports more than 75% of all traded goods in West Africa. The Ministers of the five project states - Benin, Cote d'Ivoire, Ghana, Nigeria and Togo – adopted the legal and institutional set-up of the Abidjan Lagos Corridor Management Authority (ALCoMA) and the African Development Bank committed initial funding to ALCoMA. With its supranational mandates, ALCoMA will be the first of its kind on the continent. It will manage and coordinate the entire project cycle.

Furthermore, the Dakar Summit also mandated NEPAD to increase and coordinate private sector participation in PIDA projects through the Continental Business Network (CBN), an initiative that serves as a high-level continental platform to enable private sector representatives to share with African decision-makers their views and recommendations to improve the business environment in Africa, specifically with regard to infrastructure financing. The CBN is also an instrument to promote PIDA projects in order to increase the involvement of the private sector in project preparation and implementation.

Building on the guidance and recommendations of the Continental Business Network (CBN), NEPAD continues to convene influential stakeholders responsible for investment allocation decisions in Africa. And this year NEPAD, under the leadership of H.E Moussa Faki Mohammed AUC Chairperson launched the **5 Percent Agenda**.

The **5 Percent Agenda** is a campaign to increase investment allocations by African asset owners into African infrastructure from its low base of about 1.5% of their assets under management to an impactful 5%. The 5% Agenda launch is a follow-up to the 2016 CBN meeting on De-risking Africa's infrastructure and PIDA projects which emphasized that Africa's "risk" is perceived. In other words the issue of Africa



being a risky investment destination is purely a perception and not a reality. Therefore, the de-risking report highlights the investment potential of African Pension and Sovereign Wealth Funds.

2. Paradigm shift: from Generation projects to regional Power Pooling through strategic Transmission projects

Distinguished delegates,

Ladies and Gentlemen,

In the 5 years following the adoption of PIDA, we have concentrated our effort on power generation projects. Through significant progress during this period, many countries have closed the generation gap and some are currently experiencing excess capacity of power generation: South Africa, Ghana and Ethiopia. Zambia is also expected to experience excess capacity.

However, Africa's current major problem is expanding and strengthening our transmission network. We therefore need to double our efforts on regional transmission projects such as the Zambia–Tanzania-Kenya Power Interconnector (ZTK). These projects have the potential to promote power interconnection across the continent and facilitate the creation of a Pan-African power market. In addition, regional transmission networks are an enabler for the stimulated development of new power generation projects and electricity export potential. An interconnected Pan-African market will consequently improve the overall quality, accessibility and affordability of electricity and the regional power pools - CAPP, EAPP, SAPP, WAPP – have a major role to play.

International institutions such as the IMF also agree that it is time for Africa to move beyond building up basic generating capacity toward “power pooling.” Indeed, Regional systems of power generation and distribution allow countries with high production capacity to transmit their excess electricity to countries with deficits.

The larger market that a regional power pool could potentially serve is also more attractive for investors and development partners, compared to small national electricity grids that serve smaller populations. By connecting with neighbours,



countries can also benefit from regional investments, instead of struggling to finance their own small and often inefficient power sectors.

3. Air Transport Facilitation projects and Single African Air Transport Market

Distinguished delegates, Ladies and Gentlemen,

As we are heading towards 2020, the deadline of the first phase of PIDA Priority Action Plan, I would like us to pay particular attention to the Aviation and Air transportation in Africa for the next phase of the project.

As you may know, 80 % of air traffic in Africa is carried by non-African airlines; most notable while the continent constitutes over 17 % of World Population, our own airlines carry less than 3 % of the global air traffic.

We therefore need to increase our participation to the global market:

1. Designing National and Regional Aviation Master Plans. Most of our countries have sectorial master plans (Agriculture, Transport, Education, Water,) but have paid less attention to the aviation sector.
2. Ease the free air movement of people and stimulate affordable air transportation prices. To this effect we need to take the necessary regional and continental regulatory and policy reforms toward the **Single African Air Transport Market**. The realisation of the Single African Air Transport Market will be dependent on progressive policy and regulatory reforms that will stimulate growth in Africa's aviation industry. The Single African Air Transport Market will enhance intra-regional air connectivity and address the current constraints of regional air transport access. Opening up air transport markets will lead to quick increase in flight routes which will spur more opportunities for cross-border investments in the production and service industries; including tourism and intra-Africa trade.

PIDA Week is an opportunity for us to reflect on these issues and together strategize on how best we can maximise the opportunities before us. With these few remarks, I wish you fruitful deliberations and I wish you all a successful PIDA Week 2017.



Thank you for your attention

END.