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Third PIDA Week
**Promoting Job Creation and Economic Transformation through
Regional Infrastructure Development**

Swakopmund, Namibia
11th December 2017

DRAFT OPENING REMARKS
BY
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AUC DIRECTOR FOR INFRASTRUCTURE AND ENERGY

All protocol observed.

First of all, on behalf of the Chairperson of the African Union Commission, I have the honor to express our sincere appreciation to the President of the Republic of Namibia and the Government of Namibia for the warm hospitality extended to us since our arrival in this beautiful city of Swakopmund.

I would like to acknowledge the presence of Minister of Works and Transport, Mr. Alpheus G. Naruseb of the Republic of Namibia. We highly appreciate your presence in this opening ceremony as demonstration of your Government's commitment to advocate and promote Africa's interests.

I would also like to reiterate our gratitude to the SADC Secretariat and the Namibian authorities for their efforts in facilitating this important event. My gratitude also goes to the African Development Bank, the Southern African Development Bank and GIZ for their technical and financial support.

This week is a very special Week for the African Union commission, NEPAD Agency, the African Development Bank, the UN Economic Commission for Africa and all Partners here presented today. This meeting is critical for advancing infrastructure development on the continent, a pillar for the African renaissance, integration and prosperity as reflected in the AU Agenda 2063.

Through our mandate to promote regional integration and sustainable development in Africa, the African Union Commission is driving the vision towards regional infrastructure development through many initiatives including mainly the Programme for Infrastructure Development in Africa (PIDA).

At the January's summit this year, Heads of State agreed to proposals from Rwanda's President Paul Kagame that the organisation should focus only on a limited number of key priorities with continental scope, such as political affairs, peace and security and continental integration, and that institutional structures should be redesigned to reflect this.

To this effect, the African Union Commission is refocusing its emphasis to ensuring that Africa is adequately linked physically in order to enhance the integration of its peoples, especially its youth, economically, socially and culturally.

PIDA which serves as the reference programme for regional and continental infrastructure development in Africa aims to facilitate economic and social integration on the African continent through the creation of continental and regional markets in line with the AU Agenda 2063 aspirations and goals.

As part of the implementation of the PIDA Priority Action Plan, the annual PIDA Week offers a valuable opportunity for decision makers, private sector, civil society, and academia to exchange views towards sound realization of PIDA projects on the ground.

The last PIDA Week, which was held in Abidjan in November 2016, saw some vital outcomes. This year, the event themed “Promoting Job Creation and Economic Transformation through Regional Infrastructure Development”, intends to build on the relative achievements and the momentum created in the previous event to continue to engage stakeholders on the effective delivery of infrastructure on the continent.

**Excellencies,
Honourable Ministers,
Ladies and Gentlemen,**

Africa has the fastest growing demographics in the world. This could be an asset for change, progress and dynamism. If Africa is going to achieve the desired economic growth envisioned by the AU Agenda 2063, it will have to provide employment opportunities for its growing young population. Today’s generation of young people in Africa is the largest the world has ever known. About half of Africa’s population of 1.1 billion is under the age of 25.

Failure to effectively deal with deepening unemployment among Africa’s growing youth population could seriously erode the economic gains achieved across the continent in recent years. The challenge of creating enough jobs and opportunities for the large African youth population

entering the labour market is one of the major challenges our continent faces.

The essential benefits of a regionally integrated approach to infrastructure development are to make possible the formation of large competitive markets in place of small, fragmented and inefficient ones, and to lower costs across production sectors so as to stimulate industrialization and growth and consequently enabling job creation.

PIDA should play an important role in narrowing the gap between job creation and unemployment. To that end, public decision makers and private sector management are urged to actively undertake training and skills acquisition in infrastructure development particularly in building roads, rail systems, power generation, power transmission systems and ICT connectivity in order to enable young Africans to be well prepared for the implementation of complex programmes such as PIDA.

Obliviously, we can only achieve this target if important resources are timely mobilized for the projects. This dimension should be at the top of national and regional priorities to allow a satisfactory level of implementation. Let me put special emphasis on private sector participation especially African players due to the high need of financial resources and quality of projects which allow good business opportunities.

In this regard, I would like to recall key recommendations both from the previous PIDA Week and the Specialized Technical Committee on Transport, Intercontinental and Interregional Infrastructure, Energy and Tourism held in March 2017 in Lomé, Togo:

- Scaling-up capacity for project preparation: The continent needs as a matter of urgency, to scale-up capacity for project preparation in terms of resources, skills and development of bankable project pipelines. This should start by strengthening existing preparation instruments such as the PIDA Service Delivery Mechanism (SDM) and the NEPAD Infrastructure Project preparation Facility (NEPAD-IPPF) into larger, better-resourced facilities including increased finance mobilization for project preparation from African countries. I would like to use this opportunity to note the contribution of the African Development Bank towards the PIDA Capacity Building Project, which is aimed at building capacity of the Regional Economic

Communities in projects preparation. We hope that the Bank will continue to support the Capacity Building Project in the long-term.

- Strengthening collaboration on co-financing: Regional projects such as power interconnectors and major highways are large, requiring larger capital for project preparation. There is a need for commitment from project sponsors (Governments) to share and mitigate project risks.
- Strengthening linkages with potential financiers: Enhanced linkages and engagement with potential financiers at the early stages of the project cycle as well as at the downstream level is required to ensure better financing prospects for prepared projects.
- Coordinated approach to creating enabling environment: Creating the necessary enabling environment (institutions, regulatory frameworks, sector reforms, completion laws, standards, transparent procurement, etc) in a more coordinated, holistic and integrated manner across countries and regions as the basis for creating larger and more viable regional markets for infrastructure services (e.g. power trade, etc) which are more predictable and attractive to investors.

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Since the inception of the PIDA programme in 2012 by the African Heads of State and Government, a lot of progress has been made in the implementation of regional projects across the continent.

With regards to project development, as of December 2017, from the 433 PIDA PAP projects, we are pleased to announce the following status following our data collection efforts 46 are at Concept, 40 are at Pre-Feasibility, 30 are at Feasibility, 30 are at Detailing Structuring, 18 are at Financing, 19 are at Tendering, 83 are at Construction and 50 are in operation. The African Development Bank acknowledged that even though the cost of PIDA projects is very high, the cost of not implementing PIDA projects bears higher impacts to the sustainable development of the

continent. It is imperative to analysis the “cost of inaction“, its impacts in the future economic growth of Africa.

PIDA projects have so far created jobs and will continue to create employment in the region; for instance the

- The Dar es salaam Port Expansion is expected to generate USD 2.6 Billion revenue per year if effectively implemented to the Tanzanian government and neighbouring countries.
- The Abidjan Lagos Corridor is expected to boost trade of goods and performance of other Sectors such as, Tourism, Mining and Agriculture, in West Africa.
- The Inga III power project is geographically beneficial to the entire continent and will lead to increased power trade and supply to millions of Africans.

At the African Union Commission, we are already in the process of carrying out a mid-term review of the PIDA in order to assess the current projects on the ground and also to select projects for the next cycle of PIDA implementation, which is from 2020 – 2030. It is our strong expectation that the new phase of the programme will leverage partner support towards a comprehensive package of PIDA implementation strategy.

As we focus on PIDA that will result in integrating Africa, our attention is drawn to rural and remote areas in Africa that are in dire need of access to basic infrastructure.

In that regard, the AUC is proposing a strategy with renewed focus to infrastructure development in rural and remote areas through an integrated approach that will prioritise programmes that deliver roads, energy and ICT to help these regions leapfrog in their development trajectory. We are convinced that such a paradigm shift is necessary in order to achieve our very own Agenda 2063.

**Excellencies,
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Ladies and Gentlemen,**

It is very clear that PIDA at this time is gaining a lot of momentum. We are beginning to see focus from our Member States towards the

development of projects on the ground. The PIDA programme has also become a reference programme for infrastructure development in Africa. The continental and regional institutions are also focused on addressing the challenges of infrastructure development in Africa.

For instance, the Heads of State and Government of Member States of the African Union (AU) and European Union (EU) met in Abidjan on 29-30 November 2017 on the occasion of our fifth African Union (AU) - European Union (EU) Summit and reaffirmed their commitments to PIDA.

In fact during the opening session of the EU-Africa Business Forum organized on the sidelines of the AU-EU Summit, the vice president of Cote d'Ivoire, H.E. Mr. Daniel Kablan Duncan emphasized PIDA as key driver for Africa's socio-economic transformation and regional integration.

And later in a joint declaration, the summit has confirmed commitment to implement concrete strategies and support the implementation of PIDA projects.

**Excellencies,
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I would like to conclude by stressing that infrastructure development on the continent would be critical to achieving economic transformation of Africans, especially the youth.

It is, therefore, appropriate that PIDA Week is taking place to facilitate discussion amongst governments, development partners, civil society, financial institutions and private sector on ways of accelerating the delivery of regional and continental infrastructure development in Africa. It is a dialogue that will not end here but one that should be encouraged to go on for the sake of integrating our continent as stipulated in Agenda 2063.

Finally, I would like to thank the organizers and the sponsors for all arrangements made. It is my pleasure to wish us every success as we deliberate on this important topic.

Thank you for your kind attention.