6th PIDA Week
PIDA Quality Label: Linking PPFs to Projects
Monday, 18th January 2021, 12:00 - 13:30 SAST

Presentation by Ibrah Wahabou, AU-NEPAD
1. About the PIDA Quality Label
2. Rationale for PQL Recognition and Validation
3. PQL Focus stages in project lifecycle
4. Projects Success in implementation of PQL
5. PQL Target Stakeholders
6. The Next Step for PQL
The main objectives of the PIDA Quality Label (PQL) are:

- To shorten the period needed by PIDA projects to reach the feasibility and bankability stages

- To identify project preparation gaps and to help project owners to access Project Preparation Funds (PPF) funding. It raises the possibility of securing financing for feasibility stages in less than 1 year

- To certify excellence in project preparation with a label recognized by relevant PIDA stakeholders, while supporting project sponsors to attract financing for project implementation and reach the project’s financial close. When applied to a project at its concept stage (S1), it pursues to reach a financial close in less than 3 years.
Rationale for PQL Recognition and Validation

**Need to validate the means by which a Financial Institution recognizes PIDA Quality Label**

**Rationale for recognition**
PIDA Quality Label enhances project preparation, promoting adherence to international best practices, diminishing project risks and shortening project preparation time

PIDA Quality Label is recognized by Financial Institutions

- Projects endorsed by PQL are streamlined into financiers pipelines
- Project Sponsors seek preparing projects through the PQL

**Validating recognition**
Targeted Financial Institution sends and official communication to AUDA-NEPAD confirming the value proposition of the PIDA Quality Label for project preparation
### PIDA Quality Label Methodology

#### Dimension 4: Project Readiness

**Identification of the Project’s Strengths and Weaknesses with recommendations to Project Sponsors**

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| A. Strategic Context  | 1. Regional priority | - Regional interest & political commitment  
                        - Promotion of employment, intra-regional trade and investment  
                        - Poverty reduction  
                        - Alignment with Africa’s sustainability goals |
|                       | 2. Sector readiness | - Regulatory framework and harmonization of the sector  
                        - Sector organization  
                        - Sector maturity |
|                       | 3. Private sector interest | - Private investors appetite  
                        - Country risks  
                        - Access to financing |
|                       | 4. Project readiness | - Technical viability  
                        - Financial viability  
                        - E&S viability  
                        - Governance  
                        - Risks identification |
| B. Project            | 5. PPP attractiveness | Completed by SDM  
                        - Private sector requirements  
                        - Beneficiary government requirements  
                        - PPFs and Financial institutions requirements |

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**Project appraisal results**

- **Technical viability**
- **Financial viability**
- **E&S viability**
- **Governance**

**DIMENSION 4: PROJECT READINESS**

- **Risks identification**

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**PQL builds on the rigorous quick check methodology**
PQL Focus: to unlock critical bottlenecks at early-stage

A quality recognition by the SDM, awarded to projects for early-stage PIDA Project preparation

Unlock critical PIDA-PAP bottlenecks

Current Focus

Collaboration With other stakeholders

SDM PIDA QUALITY LABEL (PQL)

Enabling Environment & Needs Assessment

Project Definition

Pre-feasibility

Feasibility

Project Structuring

Transaction Support & Financial Close

Tendering

Construction

Operation

Quick Check Stage

Pre-feasibility Stage

Feasibility and Bankability

Scope of the Quick Check Methodology (QCM)
Projects Success in implementation of PQL

Practical implementation yielding positive results

- Kisian-Busia Road (Uganda)
- Kakira-Malaba Road (Kenya)
- Lesotho-Botswana Water Transfer Project
- Noumbiel Multi-purpose Dam
- Ouesso-Bangui-Ndjamena Corridor Road Project

QL-1 Achievement

Ongoing Pipeline

QL-2 Achievement

Ongoing Pipeline

QL-3 Achievement

Ongoing Pipeline
Proposed target stakeholders for PQL Recognition

PQL recognition is proposed to target PPFs as well as DFIs and commercial finance institutions.

Relevant financing stakeholders:
- Project Preparation Financing: PPFs
- Non-Commercial financing: DFIs
- Commercial Financing: Commercial Banks, Equity Funds

CBN Linkage & PQL recognition

PIDA Quality Label

Project Preparation (Feasibility Studies)

Project Implementation
The Next Step for PQL

Communication in 2021 to make PQL more visible and achievable by more projects

• On going refining of Concept
• Continue consultation with funders
• Expand linkage with other stakeholders
• Cement synergies with PIDA financing strategy
Thank you.

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