6th PIDA Week
Promoting the PIDA Quality Label for quality infrastructure
*Tuesday, 19th January 2021, 12:00 - 13:30 SAST*

Presentation by Ibrah Wahabou, AU-NEPAD.
1. The current situation on early-stage cross-border projects preparation
2. About the PIDA Quality Label
3. Rationale for PQL Recognition and Validation
4. PQL Focus stages in project lifecycle
5. Projects Success in implementation of PQL
6. PQL Target Stakeholders
7. The Next Step for PQL
The current situation on early-stage cross-border projects preparation

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<th>Cost of Delivery</th>
<th>Project Sponsors</th>
<th>Project Preparation Facilities</th>
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| • Lack of technical and financial capacity
  - Difficulties in tackling early-stage project preparation
  - Difficulties to attract PPFs for funding and structuring the feasibility and bankability stages | • Insufficient number of applications to conduct studies. The few that are submitted often lack preparation and maturity
  • Their application prerequisites are usually difficult to fulfill at a very early stage | • Lack of “bankable” project pipelines
  • High development and transaction costs
  • Lack of viable funding models and inadequate risk-adjusted returns |

Investing in project preparation is one of the most effective ways to ensure quality and sustainability and maximize the appetite of IFIs and investors.
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

PQL builds on the rigorous quick check methodology

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

- **Component**
  - **B. Project**
  - **Project appraisal results**

Identification of the Project’s Strengths and Weaknesses with recommendations to Project Sponsors
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: Quality in Project Preparation

Perspective: Quality in Financing and Service Delivery

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)

QL1

QL2

QL3

QL1

QL2

QL3
## PQL Focus: to unlock critical bottlenecks at early-stage

### SDM Process from Project Selection to Financial Agreement

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<td>Letter to Project Sponsor</td>
<td>PQL1 Entry</td>
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<td>Working Projects</td>
<td>Virtual Meeting</td>
<td>PQL2 Screening</td>
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<td><strong>Financial Agreement for project implementation</strong></td>
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- **PIDA Quality Label**
  - **PQL1** Entry
  - **PQL2** Screening, Submission form preparation
  - **PQL3** Evaluation, Advanced Tailored services, Project Structure & Bankability
Projects Success in implementation of PQL

Practical implementation yielding positive results

QL-1 Achievement

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

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:
  - PFPs
- Non-Commercial financing:
  - DFIs
- Commercial Financing
  - Commercial Banks
  - Equity Funds

CBN Linkage & PQL recognition

PIDA Quality Label

Project Preparation (Feasibility Studies)

Project Implementation

CBN
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.

Contact: wahabou@nepad.org