

PIDA Service Delivery Mechanism

Assistance for early stage project preparation to accelerate regional infrastructure

PIDA WEEK 2017



About the SDM

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 aims...

- To make Africa's cross-border infrastructure projects technically sound, economically feasible and politically acceptable.

SDM does...

- 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.
- Not replace nor replicate the functions of existing Project Preparation Facilities (PPFs), but to complement them:
 - Focus on cross-border infrastructure projects and therewith
 - Build capacity at national and regional (REC) levels and has the potential to focus on a variety of sectors
 - Focus on early stage advisory services to prepare projects to the extent that other PPFs can take over





SDM core area of interventions

1. Project Investability Assessment and Advisory

- ensure that project design is acceptable to targeted providers of public and/or private capital;

2. Cross-Border Harmonization Support

- enable viable project operation across two or more countries by aligning regulatory, legal, procurement, and institutional frameworks;

3. Ongoing Project Management and Tracking

- establish the “accountable project implementer”, enabling dynamic reporting to project owners, host government senior leadership, and stakeholders

4. Project Diagnostics and Solutions

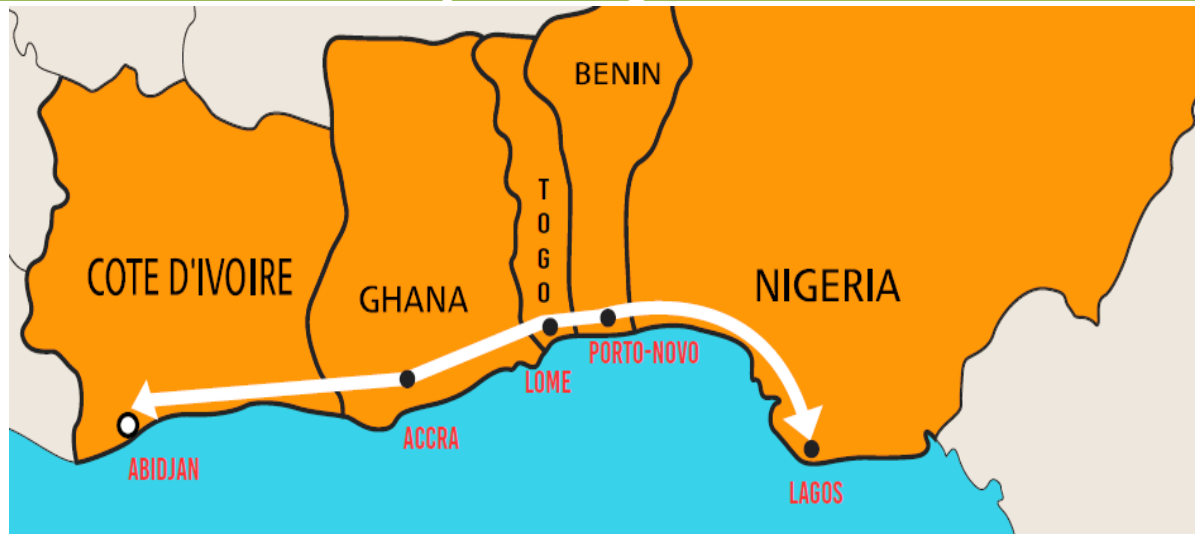
- assess PIDA Projects that have stalled, identifying bottlenecks and possible solutions for consideration of the project owners, with implementation of remedial actions as appropriate

5. Development Impact, Stakeholder Mapping, Job Creation Toolkit, and Advisory

- maximize development impact in each host country, sub-region, and continent
 - estimate of total job creation, including the testing of alternative project designs to maximize African employment and local content;



Achievement: Development of the PIDA highway project in the Abidjan Lagos Corridor



- Abidjan-Lagos Corridor is a critical: 75% of West Africa's trade.
- Over 1,028 Km across five countries: Cote d'Ivoire, Ghana, Nigeria, Togo and Benin.
- The Project: six lanes (2 x 3 lanes) high way + juxtaposed border posts (JBPs)
- Transit population : from 45 million (2016) to 65 million by 2040



Achievement: development of the PIDA highway project in the Abidjan Lagos Corridor

- **Service provided**

- The legal and institutional advisory services for setting up the proposed Abidjan – Lagos Project Management Authority (ALCoMA);
- Financial advisory services in order to develop and produce Project Information Memoranda (PIMs)
- Market Briefs for the conduct of ‘market sounding’ for the project; and
- Project communication and marketing services and capacity building.

- **Results**

- Development and signature of the Abidjan Lagos Corridor Development Treaty by the five Heads of States from Benin, Cote d’Ivoire, Ghana, Nigeria, and Togo;
- Development of ALCoMA’s institutional design;
- Development of ALCoMA’s legal framework; and
- Production of project communications materials



Next Steps: Further operationalization (1/3)

Leverage NEPAD's political mandate to accelerate PIDA Project development to financial close

- Establish partnership frameworks at PIDA Project Level (Memorandums of Cooperation with accountable counterparts)
 - Proven Project Developers & Experts
 - Providers of Project Preparation Facilities (PPFs)
 - Provider of Risk Mitigation
- Serve as honest broker for resolution of blockages and access to capital
- Broaden the scope for private sector engagement and capital (leveraging CBN and 5% Agenda)



- **Close inefficiency gaps with existing PPFs**
 - **Set up a SDM PPFs Working Group around priority PIDA Projects**
 - Strategic coordinated plan with IPPF
 - Enhance coordination with PPF Network
 - Engage AU member states as clients/funders
 - Invite other PPFs to join NEPAD IPPF Committee
- **Identify early equity investors (5% Agenda, providers of inputs to the project, other investors)**
- **Track performance and report**



Next steps: enhancing PIDA Project Access to Risk Mitigation (3/3)

- **Close inefficiency gaps with existing Risk Mitigation Facilities**
 - Set up a SDM Risk Mitigation Working Group around priority PIDA Projects
 - Strategic coordinated plan with AfDB, World Bank, bi-lateral partners, private sector insurance companies
 - Engage AU member states as providers of risk mitigation (guarantees, concessions, etc)
- **Develop new risk mitigation instruments and techniques as needed, working with Risk Mitigation Partners**
 - Examples: 100% guarantees, first loss, FX risk
- **Track performance and report**



Thank you.

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