

THIRD PIDA WEEK

10-14 DECEMBER 2017
SWAKOPMUND, NAMIBIA



PIDA
INTERCONNECTING
INTEGRATING & TRANSFORMING

CONFERENCE PROCEEDINGS



NEPAD
TRANSFORMING AFRICA



AFRICAN DEVELOPMENT BANK GROUP
GROUPE DE LA BANQUE AFRICAINE
DE DEVELOPPEMENT



DBSA
Development Bank
of Southern Africa



United Nations
Economic Commission for Africa

CONFERENCE PROCEEDINGS

Monday 11 December 2017

1. PIDA and CBN Media Breakfast Session
2. Opening Session

PARALLEL SESSIONS

1. Regional Infrastructure Project Finance
2. Agenda 2063: Aviation Infrastructure & Single African Sky
3. High Level Roundtable on Job Creation, Trade Facilitation and Economic Transformation through Regional Infrastructure
4. Monitoring and Tracking Infrastructure Development – PIDA VPIC
5. Unlocking Investment Opportunities through the PIDA Model Law
6. Infrastructure Solutions for Assuring Water Security and Reliability
7. ICT & Digital Economy
8. Good Practice for PIDA Corridor.

PROJECT SESSIONS

1. Agenda 2063 Flagship project: INGA III Hydropower Dam
2. Central Corridor Dar Es Salaam – Chalinze Toll Road
3. Kinshasa Brazzaville Rail and Road
4. Ethiopia-Sudan Interconnector
5. Kinshasa- Brazzaville Rail & Road – Placide

Introduction of issue

The session focused on relating to the media fraternity how PIDA remains the key to unlocking Africa's infrastructure potential, showcase PIDA's achievements and to acknowledge the advocacy role of media in promoting PIDA and CBN.

Summary of discussion

In an open forum, the panellists discussed practical actions that need to be done and what is needed to better plan and implement infrastructure projects to facilitate intra-African trade and jobs. Learning from the shared best practices and experiences, the final product of this session identified synergies and suggested recommendations to increase jobs and intra-African trade by improved infrastructure project planning and implementation.

- Africa had not prioritized its infrastructure projects from a regional integration perspective. PIDA is about putting the house in order
- Priorities projects were defined and reduced the number of projects to 50. The selections were based on their regional dimension, their development potential, their sector (transport, ICT and energy) and their job creation potential. This latest dimension has been embedded in the PIDA strategy from the very beginning.
- PIDA had to be based on an institutional architecture that clearly defines rules of reporting, decision making and implementation, a coherent institutional system in order to deliver on priority projects.
- The central concept of PIDA, is centered on the concept of corridor: "Corridors are essential to our continent's future.
- As an active minority and most of us use the Service Delivery Mechanism (SDM), the Continental Business Network (CBN) and the 5% Agenda. This latest mechanism (5% agenda) is about encouraging African sovereign wealth funds and pension funds to invest a greater part of their assets in Africa's development. We cannot blame them for not investing enough: we need to incentivize them to do it.
- PIDA week is about unlocking initiatives, about liberating infrastructure within corridors so that Africa can make progress in regional integration.
 - Only 11 projects in Sub Saharan Africa were executed last year. Reality is that few projects are executed as PPP's
 - Southern Africa perspective – Regional Infrastructure Development Masterplan for SADC, only 5 were prioritized. Most projects are ideas and not bankable. There is limited fiscal space to invest in Infrastructure. It's important to finance only the correct Projects
 - A third of all infrastructure in the world is being funded in China.
 - In Africa there is a need to save money and use the excess to fund infrastructure development. Domestic Resource Mobilisation remains crucial and necessary. There is enough economic growth, still enough projects but only if there were enough regulatory frameworks.
- There is a need to improve regulatory frameworks
- Namibia should be a logistics hubs, specifically for landlocked countries
- For regional integration, Namibia has put the assets at the disposal of the region, especially in the context of SADC.
- Namibia is deepening the port on Walvis Bay
- Infrastructure investment is a long term investment
- DBSA and AfDB , RECs will assist us to achieve the infrastructure development that we ultimately want to see
- Namibia doesn't have projects related to PIDA as yet , but has 4 projects in the pipeline
- Namibia will be a logistics hub
- Development institutions will help assist Namibia in achieving its goals when working in Infrastructure projects

- Walvis Bay projects will be completed in 2018
- There are certain projects which the private sector will finance taking into consideration the profits they stand to gain. Transparency is a major element considered by the private sector before committing resources in a project. They need to understand the project process and how the project will be procured by the state and involved parties before committing resources

Key Recommendations

- There is need to better communicate PIDA, the use of A PIDA network of journalists is crucial
- Regional Integration remains key to infrastructure development
- Corridor development lies at the center of infrastructure development
- Digitalization of the Continent is crucial
- Job Creation should be at the core of Infrastructure Development
- Africa must find a way to tell its success stories
- Political will, leads to accelerated implementation of infrastructure projects

OPENING SESSION

CHAIR: **Mr. Mbeuta Ua-Ndjakarana**, Permanent Secretary, Ministry of Information and Communication Technology

MODERATOR: **Mr. Daniel Makokera**, television anchor, producer and conference presenter.

PANEL: **Dr. Ibrahim Assane Mayaki**, Chief Executive Officer of the NEPAD Agency

Mr. Cheikh Bedda, Director for Infrastructure and Energy at the African Union Commission

Mrs Emilie Mushobekwa, Deputy Executive Secretary-Corporate Affairs for the Southern African Development Community (SADC)

Mr. Shem Simuyemba, Coordinator for Multi-Donor Special Fund - NEPAD Infrastructure Project Preparation Facility, African Development Bank

His Excellency Bruno Kapandji Kalala, in charge of the Agency for the Development and Promotion of Grand Inga in the Democratic Republic of the Congo.

KEY NOTE: **Mr. Alpheus Naruseb**, Minister of Works and Transport of the Republic of Namibia

1. Dr. Ibrahim Assane Mayaki welcomed the participants to PIDA Week and thanked the Government of Namibia for the warm hospitality extended to all guests and for organizing the event. Introducing PIDA and the theme of 2017 PIDA Week, Dr. Mayaki noted that African Heads of State and Government including leaders of Industry and Finance recognize the lack of technical capacity for project preparation as one of the key bottlenecks in the implementation of PIDA projects. Dr. Mayaki explained that 'the African Union Commission and NEPAD established the PIDA Service Delivery Mechanism (SDM) as an instrument for tackling the lack of technical capacity during the project preparation phase. The CEO also spoke about the 5 Percent Agenda that NEPAD launched this year under the leadership of the African Union Commission Chairperson Mr. Moussa Faki Mahamat. Noting that the private and public sectors are joining forces in Africa to create conducive environments to attract investments, which are so vital for the continent's growth, Dr. Mayaki explained that the 5 Percent Agenda is a campaign to increase investment allocations by Africa asset owners into African infrastructure from its low base of about 1.5% of their assets under management to an impactful 5%.
2. Mr. Cheikh Bedda said that policy makers, infrastructure experts and the private sector have a crucial role to play in training and skills acquisition in infrastructure development to prepare young Africans for the

implementation of complex programmes such as PIDA. He highlighted that 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 to create enough jobs and opportunities for the large African youth population entering the labour market. Reflecting on the mid-term review of the PIDA Priority Action Plan (PAP) that the AUC is currently conducting, the Director stated that early indications on the implementation of projects clearly show the critical importance of a sound project preparation, given that more than half of the portfolio of projects are still at the conceptual stage.

3. Referring to the theme, Mrs. Emilie Mushobekwa stated that SADC has taken a multi-pronged approach to accelerate the preparation and implementation of PIDA Projects in the region to facilitate regional integration and job creation. A case in point, Mrs. Mushobekwa stated that SADC Secretariat has allocated an annual budget since May 2016 to support project preparation to bankability and corridor development.
4. Mr. Shem Simuyemba, offered more suggestions on possible solutions by highlighting the AfDB's financial commitments to Africa's infrastructure development, which accounts for half of its total spending. He noted that the African Development Bank is stepping up the pace by focusing on the High 5 priorities, which include Light up and power Africa, Feed Africa, Industrialise Africa, Integrate Africa, and Improve the quality of life for the people of Africa, that are crucial for accelerating Africa's economic transformation. He added that the solution is to scale-up capacity for project preparation and development as the only means to assess, package and structure the projects in such a way that there is a 'rolling pipeline' of bankable projects.
5. H.E. Mr. Namibia's Minister of Works and Transport, Alpheus Naruseb called for strong coordination in the implementation of PIDA and the preparation of bankable, investment-ready projects that can attract financing for implementation.
6. At the opening session, the NEPAD Agency also launched its pioneering 2017 PIDA Progress Report. Mr. Symerre Grey-Johnson, Head of Regional Integration, Infrastructure and Trade at the NEPAD Agency explained that the report is the outcome of collaboration between all PIDA stakeholders who shared information on projects and interventions on the ground and on progress made during the year.

PARALLEL SESSIONS

Regional Infrastructure Project Finance Roundtable on Accelerating Projects

Introduction of the issue

To set the scene, the NEPAD Agency opened the roundtable with a brief outline of what the PIDA Service Delivery Mechanism (SDM) is doing, as the NEPAD Agency's vehicle to assist in early stage project preparation, what it has achieved and what remains challenging with respect to the project preparation phase and establishing bankability.

In a panel format, speakers discussed priority criteria that are essential to a successful preparation process for cross-border infrastructure projects (e.g. political commitment; cost/benefit sharing agreements; regional business case etc.) as well as ways how to bring those forward from a PIDA perspective.

Key recommendation

- Coordination among partners and build synergies-MoU SDM and NEPAD IPPF
- Mobilize domestic resources

Agenda 2063: Aviation Infrastructure & Single African Sky

Introduction of issue

- The objective of the parallel session was to deliberate on the required aviation infrastructure and how best such infrastructure can be included in the PIDA infrastructure implementation strategy. Discussion also included the outcomes and recommendations from the third ICAO world aviation forum held in Abuja on financing the development of aviation infrastructure.
- Therefore, the object of the parallel session was to situate aviation infrastructure development needs in the context of PIDA-PAP Implementation Strategy in particular the integration of soft and hard aviation infrastructure within the framework of PIDA-PAD with the view to planning to include aviation infrastructure projects in PIDA-PAP 2020-2030.
- One of the major challenges to the growth of air transport in Africa is the investments gap in the development/modernization of airports, air navigation systems and related infrastructure in order to not only effectively cope with future increase in passengers and aircraft movements but also to improve operational safety. There are many reasons contributing to the current infrastructure gap including low volume of passenger traffic, inability of government to fund aviation infrastructure, prohibitive policies and laws for the private sector participation in the development of aviation infrastructure. Whilst there are developed hub airports in North and Eastern Africa, there is lack of similar facilities in Central and West Africa (43). Secondary international airports and domestic airports are also under developed, limiting the development of regional networks.
- Currently the continent has no master plan that defines the development strategy for regional and intra-continental hub airports. In North Africa, hub airport are already established in Cairo, Casablanca, and Algiers with secondary hubs at Hurgada and Sharm-El-Sheikh (Egypt), Marrakesh, Tunis, Tripoli. In East Africa – the developed hubs are established in Addis Ababa and Nairobi with developing secondary hubs at Mombasa, Dar es Salaam, Kigali, and Entebbe/Kampala. In Southern Africa, the main hubs are in Johannesburg and Cape Town with secondary hubs at Durban, Windhoek, Gaborone and Lusaka. In Central Africa within the ECCAS region, there are no major hubs at the moment with potential hubs likely to be establish at Douala and Brazzaville whilst in West Africa – Lagos is the major hub, with a secondary hub developing at Abuja. Also growing are the hubs of Accra, Lomé, Dakar and Abidjan. Feeder airports also need to be developed to enable the growth regional

networks.

- There is also a substantial variation in the development of Communication, navigation and surveillance and air traffic management (CNS/ATM) across the continent as a whole. In several areas, the ground-based surveillance radar coverage is poor or non-existent. Some Air Navigation Service Providers (ATSPs) use modern air-ground VHF (very high frequency) radio communications whilst others use more unreliable HF (High frequency) communication systems. To ensure a single sky with an integrated, interoperable and seamless system in Africa, a continental aviation infrastructure master plan needs to be developed including en route airspace ATM infrastructure and the strategic deployment of satellite-based Performance-Based Navigation systems to comply with the ICAO GANS Plans.
- Compared to other regions, the fleet size of several African airlines is inadequate, and operation of aged aircraft and most are undercapitalized. Furthermore, many African Many African countries are yet to ratify the Cape Town 2001 Protocol to the Convention on International Interests in Mobile Equipment on matters specific to Aircraft Equipment.
- With regard to the soft aviation infrastructure including regulations, institutional strengthening and capacity building, the continent still lacks effective oversight systems to supervise, monitor and manage compliance with International requirements and implementation of the single air transport market. This is further aggravated by limited resources for the Executing Agency of the Yamoussoukro Decision to become operational and delayed adoption of the Regulatory and Institutional Text of YD. The African Civil Aviation Commission (“AFCAC”) as the Executing Agency of the Yamoussoukro Decision require adequate resources to become fully operational and manage the implementation process of the YD and the SAATM. Several Member States are still to domesticate the African Union aviation policy document (AFCAP) and across the continent, there is still a divergence of regulations within and between regional economic communities and between Member States.
- The PIDA-PAP covers the different modes of transport but very few projects have been identified in the domain of air transport. Development of smart corridors are currently linked to seaports, considering the large volumes of goods imported/exports via the ports. However, airports are also vital in the logistic supply chain, in particular for just-in-time manufacturing and transportation of perishable commodities, which is significant for many African Member State with a large agriculture-exporting sector. In planning transport infrastructure, it is important to consider intermodal transport systems with the possibilities to go from rail, road or air.

Summary of discussion

1. Technical Presentations:

- The first presentation set the scene of the discussion by highlighting the existing gaps between the existing PIDA-PAP 2012-2020 plans and aviation infrastructure in particular the fragmented airspace and development of major aerotropolies in Africa by 2025 and the fragmented airspace.
- The second presentation outlined the milestone achieved within the African aviation sector and the benefits of establishing the single African air transport market. The presentation also highlighted the key outcome of the third ICAO World Aviation forum. Emphasis was made on African aviation industry significant progress with no fatal accident reported in 2016.
- The third presentation focused on the future of air transport development in Africa. It was noted that aviation should be seen as the business of freely connecting people without restrictions. The potentials of establishing the single African air Transport market was highlighted, including improvement of air transport connectivity and the necessary efforts to ensure African airline profitability.

- The fourth technical presentation was made by the East African Community (EAC), on EAC aviation programmes and projects focusing on the establishment and operationalization of the EAC Upper Flight Information Region (EAC UFIR) which covers States namely Kenya, Uganda, Tanzania, Burundi, Rwanda and South Sudan; and
- The last presentation was made by ICAO highlighted the Abuja framework action plan of aviation infrastructure development in Africa as an outcome of the of the 3rd ICAO world Aviation Forum.

2. Panel Discussion:

- The second part of the parallel session was panel discussion moderated by Mr. David Kajange – Head of Transport and Tourism – African Union Commission and Mr. Tshepo Peege – South African Representative at the ICAO Council and discussed various issues related to Aviation infrastructure and Single African Sky.
- The following issues were addressed; how ready are African airlines for the Single African Air Transport and envisaged traffic growth, the role of the various institutions that represent the soft infrastructure of the aviation sector, harmonisation of the African sky, aviation infrastructure financing and strategies on the implementation of the Abuja framework action plan on aviation infrastructure development.
- As an example of airspace harmonisation EAC Partner States have agreed and adopted establishment of a Seamless Airspace in June 2017. Within the Tripartite Region (EAC, COMESA and SADC) the Member States have agreed to collaborate in the implementation of programs which will result in a harmonized and seamless Communications, Navigational, and Surveillance/Air Traffic Management systems across the Tripartite. It was therefore necessary to prioritize and promote EAC UFIR as replicable model to other African regions, towards the achievement of a harmonised African

3. Conclusion and Recommendation:

- It was agreed that the conversation of aviation infrastructure in PIDA-PAP would continue after the PIDA-Week. In this regard, an inter-institutional group was envisaged to carry on with the discussion and NEPAD would convene a meeting of the stakeholders to develop an implementation plan. It was also accepted that as a ward forward, national and regional air transport infrastructure master plans are necessary for migration of aviation infrastructure projects to the PIDA-PAP framework, including capacity strengthening for the industry.

Recommendations:

1. Prioritise the inclusive implementation of the Abuja Declaration and Framework for a Plan of Action for Development of Aviation Infrastructure in Africa within the Move Africa initiative and PIDA work plans and develop an aviation Infrastructure Master Plan for Africa;
2. Support the activities of the Executing Agency and other relevant bodies for the of full implementation of the Yamoussoukro Decision (YD) towards establishment of a Single African air transport market (SAATM) within the framework of the African Union (AU) Agenda 2063 aimed at cohesively increasing air connectivity, growth of intra-Africa air traffic and visa free movement of people in Africa;
3. Encourage investment in the development of air navigation services and airports infrastructure corridors that will support the projected traffic and aviation growth and towards a single sky with an integrated, interoperable and seamless system in Africa.

4. Undertake a continental and regional aviation infrastructure master plan and mobilise resources for the realisation of the plan and project preparation. In this regard, NEPAD is recommended to convene a follow up Stakeholders meeting to develop the actions plans with time lines.
5. Include the development of Regional aviation infrastructure into the Presidential Infrastructure Championship Initiative (PICI) and create an interinstitutional taskforce to guide the development of Regional aviation infrastructure with PIDA-PAP 2
6. Prioritize and Promote EAC UFIR as replicable model to other African regions, towards the achievement of a harmonised Africa

Moderator: Mr. Ngoe Ndoh

Panel Discussion: Mr. David Kajange – Head of Transport and Tourism – African Union Commission and Mr. Tshepo Peege – South African Representative at the ICAO Council

Discussants: Mr. Taiwo Peters, IATA-Africa
 Dr. Kamugisha Kazaura- Director of Infrastructure EAC
 Mr. Mr. Barry Kashambo: ICAO East Africa Regional Director
 Mr. Peter Amaleboba – Legal Counsel - AFCAC
 Mr. Soteri Gatera - Head of Infrastructure and Industrialisation – United Nation Economic Commission for Africa. UNECA;
 Mr. Symerre Grey-Johnson – Head of Regional Integration Infrastructure and Trade – NEPAD

High Level Roundtable on Job Creation, Trade Facilitation and Economic Transformation through Regional Infrastructure

Introduction of issue

Infrastructure development in conjunction with job creation and trade facilitation is a key component of the African Union's *call to action* formulated within the Agenda 2063¹. To contribute to this cause, the overarching focus of this session is to map and discuss actionable interventions to increase jobs (e.g. via the PIDA Job Creation Toolkit) and intra-African trade (e.g. via Move Africa) to therewith trigger economic transformation.

Summary of discussion

In an open forum, the panellists discussed practical actions of what has been done and what is needed to better plan and implement infrastructure projects to facilitate intra-African trade and jobs. Learning from the shared best practices and experiences, the final product of this session identified synergies and suggested recommendations to increase jobs and intra-African trade by improved infrastructure project planning and implementation.

- Shem Simuyemba, AfDB:
 - need to strengthen partnerships and creation of jobs must be based on sectors which receive the maximum expenditure such as regional infrastructure
 - must move from looking at infrastructure as projects towards looking at infrastructure as industry and value chain
 - services such as advisory, engineers etc. are mainly sourced from overseas and that only 5% are sourced from Africa

¹ "A Call to Action ... Connect Africa through world-class infrastructure ... fast track the establishment of a Continental Free Trade Area"

- systematic mapping of frameworks, tools, benchmark of youth in terms of skills, interests, and capabilities needs to be put in place in order to redirect priorities
- Crisscrossing of variances, of jobs, looking at infrastructure as a trajectory and basically a lifetime trajectory beyond projects. Post construction factors such as maintenance, looking at job creation beyond local sourcing of materials as there factors that may impede local sourcing.
- Barbara Samuels, Global Clearinghouse for Development Finance
 - the PIDA Job Creation Toolkit is pivotal as each project creates direct and indirect jobs from suppliers and induced jobs
 - PIDA projects studies do not capture potential large scale development impacts of job creation
 - Cashflow, off taker to guarantee market and payment, free from political interference to enable flow of debt and debt repayment. Local sourcing of labour should be determined by quality. To put together an infrastructure project is a mega process which requires a high level of expertise.
- Cleo Shizeka, Transnet
 - There needs to be a deliberate effort to create a pool of skills in African local content during the inception of projects such as skills needed
 - There is also a need to share experiences and lessons learned in projects in order to mitigate risks and ensure not to repeat the same mistakes
 - Construction that yields commercial value is a journey. The issue of lack of maintenance, the understating of the economic drive and the commercial yield with regard to the timeframe between these two factors.
 - Intermodal logistics, the shortfall, using example of the iron ore line which runs the longest train in the world. The system that enables them to function and how it was financed and how to created jobs. A strategy was put in place. Diagnostics – is it a project, the miles stones and deliverables of the project. Hired youth graduates at tertiary and secondary level, on the job training, across the country, the social infrastructure cutting across the country urban and rural. Did a research collaborated with major logistics players such as Rotterdam? The approach was also to face the skills gap in the approach that they took. Example 2, procurement of locomotives, from procurement to building rolling stock then came the skills issue.
- Mohan Vivekanandan, DBSA
 - There are certain projects which the private sector will finance taking into consideration the profits they stand to gain. Transparency is a major element considered by the private sector before committing resources in a project. They need to understand the project process and how the project will be procured by the state and involved parties before committing resources
 - Synergies PIDA Projects was the LAPSET Corridor, the Kenyan Highways Authority and DBSA, \$ 100 million for Port of Lamu with financing from China Development Bank. Project Preparation Financing. Roads in Botswana, job opportunities created through
- Immanuel Hanabeb, NAMPORTS
 - study needs to be undertaken in order to determine materials that can be sourced locally and split of works in which main contractors to provide civil infrastructure while other works are sourced locally
 - Independent body that evaluates whether contractors meet the requirements with penalties in place.
 - 30% of goods and services local sourcing and put in place tender requirement which is also a quality control aspect. The main contractors task to provide infrastructure. The audit aspects, to focus on compliance and to maintain the 30% threshold. Challenges the balance between the regulatory framework between financier and procurement as they tend to differ.
- Siphon Khumalo, Cross-Border Road Trade Agency
 - promotes the linkage of South Africa with the rest of the African continent via transport governance and harmonized system in terms of regulation and transport systems
- Tomohiro Seki

- Regional integration has been expanded in the past decades in Asia, which has contributed to the growth of economics in the region. The trade volume has increased 15 times and the ratio of inter-regional trade increased from 35% to over 50%.
- It was driven by the governments in shifting policy from import-orientation to export promotion with increased FDI and introduction of free trade. It was supported by regional infrastructure development and removal of non-tariff barriers in the framework of corridor development in the region.
- Value chain has developed based on comparative advantage of each country in terms of cost and technology.

Key Recommendations

1. Via better organized partnerships between PIDA actors:
 - a. We must move from looking at infrastructure as projects towards looking at infrastructure as industry and value chain development
 - b. A Systematic mapping of frameworks, tools, benchmark in terms of skills, interests, and capabilities needs to be put in place in order to redirect priorities
2. PIDA regional projects have to capture larger development impact as it is done by the PIDA Job Creation Toolkit
3. Incorporate local content policies during the early stage of project preparation (e.g. ToR writing) otherwise it will get more difficult to implement and pursue.
4. Procedures and regulations of procurement, local content requirements and training requirements for locals in project sites should be put in place.
5. Create a pool of skills in African local content during the inception of projects such as skills needed
6. There is a trend of following competitive international bidding processes in order to obtain the best services required. Local content can be built, however the most pivotal element is the quality of what is intended to be produced. African states need to put in huge amounts of resources in the design stage of projects taking into consideration the three dimensions of: development impact, economic value, and commercial viability
7. There needs to be a comprehensive framework for corridor development. Good to have a forum to share experiences between Asia and Africa in the area of corridor development.

Monitoring and Tracking Infrastructure Development – PIDA VPIC and other initiatives

Introduction of issue

Obtaining up-to-date and quality assured information on PIDA projects has been a challenge for quite some time resulting in incomplete, partly inaccurate, and mainly inadequate information in our systems.

Summary of discussion

Presentation of the PIDA M&E and Information Management (Ephrem)

- Increased awareness of PIDA stakeholders on the need to collect and disseminate information and ensure the sharing of project information on a regular basis.
- Stream line the flow of information by institutionalizing the data collection and validation process with clearly defined roles and responsibilities
- African Infrastructure Database (AID) as a tool for collection, compilation, validation, storage and sharing of infrastructure project information in Africa in a central location
- Virtual PIDA Information Centre (VPIC) as a web portal for disseminating information related to activities undertaken under PIDA
- Continuous improvement of the information systems by exploring advances in technology and through collaboration with similar initiatives at all levels (national, regional, continental and global)

Mapping of Energy Initiatives and Programmes in Africa website (Hadley)

The AU-EU Energy Partnership presented the web portal that gives an overview of the different initiatives in the energy sector in Africa. This tool helps stakeholders to coordinate their efforts, leverage synergies and address key gaps in the market.

It is in the spirit of coordination and harmonization that the AU-EU Energy Partnership and SE4ALL Africa Hub have developed this database to provide information on multilateral, bilateral and country-specific initiatives in the energy sector in Africa.

Key recommendations

1. Review the data collection method that have been used so far and make it more efficient
2. Integration of existing systems to other new and ongoing initiatives such as the job estimation toolkit and SOURCE platform from SIF
3. Develop and operationalize data collection, validation and reporting strategy to ensure smooth and coordinated flow of data with confidentiality

Session 4: Unlocking Investment Opportunities through the PIDA Model Law

Introduction of issue

The presentation was made by the UN Economic Commission of Africa (ECA) on the basic tenets and articles of the proposed PIDA model law. This law addresses the lack of meaningful investments in infrastructure assets in a number of Africa countries. The law is particularly directed at those countries that find it difficult to attract finance, and it is not meant to replace existing laws and regulations that govern current investment arrangements in countries. Amongst the issues the Law address include

- a) Provisions,
- b) Appointment of the regulator,
- c) Free movement of entities goods and services and
- d) Procurements rules.

This proposed model will be subjected to the African Union (AU) processes and decisions in January 2018 AU Assembly, and ratification by the African heads of state and government.

Summary of discussion

- *The practicalities of implementation of the law and prevention of fragmentation in application:* The decision to come up with this law was at the best if leaders of African countries. It was tested in a number of countries for relevance and applicability. It is flexible and can be customized to any county's own legal framework, and law-making process. This law is only needed by countries that find it difficult to attract direct foreign investment. It has an in-built investment code that prevents fragmentation.
- *The legal implementation of the Model laws:* The alternative to the Model Law is Treaties, of which there are many on the African continent. Treaties are mainly signed at the regional level but the majority of them do not have intended effects, as the political will to implement them is often lacking. The basic tenet of the Treaty is the compromise and may not fit the particularly or real circumstances of the countries involved. The good thing about the Model Law is that countries are able to pick what is good for them and fuse to existing investment laws. This makes Model Law a better option as it amenable to harmonization and is investor friendly.

- *Capacity development and training to domesticate model law in countries:* It is important that the Model Law is accompanied with targeted training of public officials and policy makers so that it can be incorporated into the countries laws and ensure that it does not conflict with existing investment policies. There are African institutions that are established to precisely build capacity on key development issues in Africa. The example is the UN African Institute for Economic and Development Planning which offers training as advisory services to African member states. This body could offer generic training to countries so that they can understand the Model Law and its role in attracting investments.
- *Importance of communications, particularly ICT in ensuring that Model Law responds to investors' concerns:* One of the reasons that there is low private sector participation and investment in infrastructure projects in Africa is the perception of risks in these countries. Critical issues in Africa is the transition of projects from conceptualization to bankability, and the private sector is generally not involved. The main reasons could be uncertainties and inherent risks. Thus, the model law could address these concerns and provide regulatory and legal stability. The role of ICT is therefore critical in the form of communication as well as in domestication. In terms of the latter the ICT could offer quick returns for the private sector and rapidly deploy investments in a changing environment.

Key recommendations

The role of ECA and its partners should be made explicit in terms of required resources to assist countries in integration of model law in their national laws. This should include mapping of relevant laws as well as training costs.

1. The title/heading of the model law should be made explicit: it should govern “**transboundary**” infrastructure projects. This makes a distinction to just national infrastructure projects, although there is a view that transboundary projects are implemented in countries.
2. It should be ensured that the selective application of the Model Law does not defeat the purpose of the law. There is often the dominance of the country laws in domestic finance, therefore care should be ensured that model law does not conflict with national laws. One example, is that in many countries, local content is the integral component of investment laws, while the local content determination is not addressed by the Model Law.
3. There is often a very long consultative process within member states, especially during the implementation of transboundary projects. Therefore, the Model Law should be very clear on how they accelerate investments in infrastructure and shorten or fast-track the consultative process
4. The Model Law should also address issues such as skills transfer, job creation and training. If these key development issues are not addressed and accommodated, the infrastructure development in Africa will not be inclusive and lead to structural transformation. The main reason to attract infrastructure finance and investment is the development of the continent that include employment, skills transfer, etc.

Infrastructure Solutions for Assuring Water Security and Reliability

Introduction of issue

The session was aimed at catalysing the planning and implementation of the PIDA Water Projects. The specific objectives were to:

1. Share information on the outcomes of the:
 - AMCOW evaluation of the implementation Status of the PIDA Water-related Projects
 - inception phase of the Africa EU Water Partnership Project (AEWPP) on developing multisector business cases for water infrastructure financing
2. Solicit inputs to ongoing efforts to formulate targeted interventions to overcome the identified challenges of low capacity for project preparation; financing gaps; and inadequate institutional arrangements for implementing the projects.

Presentation on Evaluation of Implementation Status of PIDA Water Projects (AMCOW)

- About seven (7) of the nine (9) PIDA projects have made some progress since their adoption in 2012.
- The slow pace of progress in the water projects is mainly due to inadequate financing and low-key efforts to promote the projects and sustain interest among stakeholders.
- There is also a general lack of awareness by the project stakeholders on how both PIDA instruments and PIDA implementing partners could add value to the projects.
- The AUC/NPCA/AMCOW should formulate and implement an awareness creation campaign to promote PIDA instruments and the value PIDA can add to projects.

Presentation on the Africa-EU Water Partnership Project (AEWPP) (Anton Earle)

- The Africa-EU Water Partnership Project is aimed at:
 - enhancing financial viability of water infrastructure projects
 - improving access to private and public capital
 - supporting investment in water governance
- The project has prioritized a pipeline of 12 to 15 projects in the five regions of Africa.
- In the period 2018 – April 2019, focus will be on:
 - identifying individual intervention areas for each project
 - enhancing financial viability or the development impact of each project;
 - identifying capacity building needs
 - promoting the projects at international and regional events and reaching out to investors; and,
 - concluding at least five successful infrastructure projects – one in each region of Africa.

Presentation on how to transform water infrastructure delivery in the SADC region (Sharmala Naidoo)

- The SADC region faces high levels of water insecurity compounded by the huge vulnerability of the sector to climate related shocks.
- Major shared river basins makes regional response to climate change a challenge.
- The huge water infrastructure investment backlog also makes disaster preparedness a huge challenge.
- The Climate Resilient Infrastructure Development Facility (CRIDF) is contributing to efforts to overcome these challenges through promoting:
 - water stewardship with particular focus on risk and security of supply chain
 - fund establishment to support supply chains and develop a pipeline of robust water projects with return on investment
 - the establishment of Green bonds
 - Green infrastructure

Summary of discussion

- Investments in the water sector needs a significant increase. Programmes such as the Africa-EU Water Partnership could help to attract and leverage investments from DFIs and the private sector. There is also a need to mobilize the private sector to participate at the early stages of projects preparation.
- It is very difficult to demonstrate the economic viability of projects despite the development benefits that could be derived from water projects.
- The water sector needs to be supported more at the continental and regional levels to increase visibility and also deliver on projects. There are only a few water projects in the PIDA programme.
- Trans-boundary water projects on the continent are few and very complex. There is a need for greater political commitment, regulations and partnerships to ensure the implementation of trans-boundary water projects.
- The difficulty in mobilizing financing for water projects calls for a cross-sectoral approach that makes provisions for assuring effective water management in the financial planning and structuring of sectoral projects such as energy and agriculture, which will enhance the viability and attractiveness of water projects.
- There is a need to develop frameworks and mechanisms to help water project developers to take a wider approach

to developing water projects including the water-food-energy nexus approach.

Key recommendations

1. The AUC/NPCA should create more awareness among PIDA water project stakeholders about the value PIDA can add to projects.
2. Cross-sectoral approaches including the water-food-energy nexus approach should be used to promote and demonstrate the economic viability of water projects on the continent.
3. The AUC/NPCA should do more to promote the water projects within the PIDA programme.

ICT and the Digital Economy

Introduction of issue

Situate ICT infrastructure development in the context of Africa's digital economy

Summary of discussion

The session looked at how ICT infrastructure component is essential to realising the benefits of the digital economy for Africa and importance of DotAfrica for Africans. The session considered:

Developing African Digital Economy (DADE)

- The digital economy includes collaborative consumption, collaborative lifestyles, collaboration finance, contributory production
- The future of the industry is based on intangibles and networks. Examples of Network firm versus Market value were highlighted such as: UBER vs HERTZ, WeChat vs AT&T, Alibaba vs Walmart
- The advent of digital Information and Communication Technologies (ICTs) has changed the lives of all people around the globe.
- The new economy is more and more based on digital computer technologies
- Businesses of all socio-economic development sectors in Africa are now much more productive and efficient by harnessing new technology.
- With ICTs African Citizen can catch up with the rest of the world in all socio-Economic sectors
- The Digital Economy has brought new challenges: aligning new economic models with existing regulation, Cyber security, personal data protection

DotAfrica

- DotAfrica foundation is based on: Supporting and promoting the role of AFTLD through the DotAfrica Foundation, utilising DotAfrica as an opportunity to promote African content development, Establishing a Centre of Excellence to identify and develop DNS expertise in Africa, development of a competitive and competent Registrar market in Africa
- The benefits of the DotAfrica project include: one identifier, base for growth, and funding of continental ICT programmes
- The following challenges and opportunities are: registrar registration (11 of 1800), price harmonization, policy harmonisation, universal acceptance

Key recommendations

1. Ensure that broadband is available, affordable, and there is sufficient bandwidth for new services.
2. Data centres can benefit from a number of factors similar to access infrastructure

3. The government must focus on the areas that create a platform for an Internet economy, such as the ease of starting a business, enforcing a contract, getting credit, and getting connected to the electricity grid. Promoting the creation and development of online start-ups
4. It was highly recommended to raise public awareness on DotAfrica and encourage the African companies and citizens to use the **.Africa** top domain. More specifically the continental organizations such as the RECs, AUC, NPCA are requested to start using the **.Africa** for their online presence and email addresses.

Good Practice for PIDA Corridor Implementation

Introduction of issue

The main objective of the session was to take stock of current corridor management practices but also to learn from the experiences of other partners.

The intervention of the representative of SADC allow to better understand the crucial role of the prioritization of projects in the success of the corridor approach. Similarly, the collaborative approach has played an important role in the success of two flagship corridor management projects in the SADC area, with involvement of several partners: the NBF (support for PPP mechanisms), GIZ, EU, etc.

The NBF emphasised on the importance of resources, in particular, capacity building of actors through training. Involvement of all actors is useful for the success of projects. Thus, it is not only the dedication of the REC but also a real commitment of the Member States. For instance with the North South Rail Corridor project there are six member states which makes management complex. This is where the political role played by SADC is crucial.

The example of the Trans-Kalahari Corridor has shown that both a political commitment and an economic approach to corridor management are required. The existence of a joint entity in charge of the corridor management and with a secretariat, has made it possible to have a good coordination of the services rendered on the corridors in all the countries traversed by the infrastructure. Thus, the interest of all the countries is safeguarded, while tending towards the efficiency of the corridor with a good maintenance of the corridor which started since 2 years of management.

JICA has been particularly interested in the development of a regional master plan as part of the success of the corridor approach. Indeed, the divergence of master plans at the level of each country, makes global coordination difficult. The regional master plan also makes it possible to better introduce the economic approach by integrating all the present economic sectors such as agriculture, commerce, etc.

The presenters did not neglect the lessons of the Abidjan Lagos Corridor where the high level advocacy of the NEPAD Agency allowed a serious commitment of the Member States. The implementation of the corridor management framework is a good step forward because for the moment, each country thinks about its interests and not really about the efficiency of the corridor. Also, the major challenge remains how to interest the private sector and get them involved enough to invest.

Summary of discussions

- Corridor development should centre on delivering value, accelerating economic integration and development; for each country through which a corridor passes, there should be analysis of the needs, value addition , comparative advantage and services to be provided along and by the corridor for that country
- Project preparation is key and this should be prefaced by careful prioritization and selection of projects e.g. Central Corridor acceleration started with 180 projects and ended up with 27 priority projects which are now under preparation; SADC acceleration started with 38 projects and prioritized 5

- Ensure that the corridor have the requisite support structures: a management institution, national policy, PPP support, training and capacity
- Learn from example of Asia where corridors and cross-border infrastructure were a critical success factor in the expansion of the region's share of global trade. Corridors in Asia were developed as part of long-term masterplans including a focus on multi-sectoral approaches and recognizing that corridors are not only about infrastructure development but economic activity and economic development.
- include soft infrastructure (policy, legal and regulatory frameworks) as quick wins in corridor development
- develop strategic partnerships around corridor development and put in place effective management structures for corridors, which involve all key stakeholders and create attractive conditions for the private sector e.g. SADC Secretariat harnessed resources, capacity and expertise through strategic partnerships with NEPAD Business Foundation (NBF), SADC PPP Network, SADC PPDF, PPIAF
- Document and learn from good practice as exemplified by the Abidjan-Lagos corridor, the Trans-Kalahari Rail, the Maputo Development Corridor, the North-south Corridor, the Beira Corridor, projects in East Africa, etc. in particular, take better inspiration from Southern Africa's good practices and lessons in corridor management;
- Recognize that each country or region is unique and has specificities which may require adaptations that take into account political, economic and other realities.
- Other elements to consider for corridor development:
 - Enhance stakeholder capacity
 - Have a responsive border regulatory framework
 - Improve border infrastructure
 - Improve road safety and security
 - Improve Road infrastructure
 - Improve stakeholder relations
 - Improve communication infrastructure.

Key recommendations

Several recommendations and conclusions emerged from the rich discussions, for the proposed corridor guide, namely that it is important to:

1. Put more effort into setting up legal frameworks and instruments for corridor management, as MOUs are not really legal instruments that reassure parties, including the private sector;
2. Take a commercial approach to corridor development while factoring in socio-economic development of the communities along the corridors. This should include rigorous analysis of the assets to be realised from corridor development, what benefits these assets would generate (e.g. how the corridors would support trade) and some form of performance indicators (KPIs).
3. Develop data-driven decision-making models to prioritizing project selection and better inform corridor development
4. Ensure that corridor development includes funding plans that take into account analysis of funding models suitable for the different projects along the corridor (look into innovative funding mechanisms including the 5% agenda, recommendations in NEPAD-ECA domestic resource mobilisation report, establishment of listed SPVs as in China).

5. Designate champions to promote corridor projects, ensure that political commitments translate into tangible action and ensure that there is absolute commitment at all levels

PROJECT SESSIONS

Agenda 2063 Flagship project: INGA III Hydropower Dam

Introduction of issue

The session was aimed at providing an overview of the project status of the INGA III hydropower. The project would aim to increase the access to electricity and clean water and ensure the production of energy to boost the industrialization of the country and supply to other countries.

Summary of discussion

- In February 2016, Agence de Developpement du Projet INGA (ADPI) sent the tender documents to the candidate consortiums;
- In September 2016, China Inga3 consortium with a Chinese leader and ProInga consortium with a Spanish leader submitted their offers;
- In March 2017, the offers were analysed with the following findings:
 - According to the needs of DRC, South Africa, SADC and other potential clients such as Nigeria and Egypt, the installed capacity will be between 11000 MW and 12000 MW;
 - The willingness of each candidate consortium to work with its competitor
 - Duration of the works: 5 years to deliver the first MW
- In view of the analysis of the offers and in order to meet the commercial deadline and commitments of the treaty signed in October 2013 between DRC and South Africa, DRC decided in June 2017 to bring together the two candidates in a single consortium requesting to submit an single offer optimized in a reasonable deadline. Each of the two candidates has asked the DRC for the possibility of strengthening its composition, the DRC has given its agreement in principle and each request will be examined on a case-by-case basis;
- According the feasibility study, the estimated cost of the INGA 3 is 12 billion Dollars US for the production infrastructure and 2 to 3 billion for the transmission lines, thus 14 to 15 billion USD. The production cost per kWh will be the lowest in Africa

Key Recommendations

- Engage partner organisations, as well as bilateral development partners to promote and provide the necessary technical and financial support to the implementation of the INGA 3 project;
- Ensure the opportunities to industrialize RDC and Africa through this project, to intensify regional integration and international cooperation;
- A solution to create jobs, increase incomes and protect forest;
- Provide legal framework which would provide business opportunity to banks, manufacturers and various service providers from the over the continent including SADC;

CENTRAL CORRIDOR: DAR ES SALAAM – CHALINZE TOLL ROAD

Introduction of issue

- The project consist of an implementation of a 144 km dual and triple carriageway toll road between Chalinze and Dar es Salaam in Tanzania

- The Project provides an important gateway within Tanzania (to central, northern and southern Tanzania).
- It connects landlocked Uganda, Rwanda, Burundi, DRC, Zambia and Malawi to the Dar es Salaam port.
- The Project is expected to significantly reduce travel time on the longer Dar es Salaam – Morogoro Road, one of the congested trunk road from Dar es Salaam port with mixture of business and commuters traffic.
- The Project is in line with Tanzania’s Investment Plan and 5-year Development Programme.

Summary of discussion

- The session was moderated by Dr Kamugisha Kazaura, the Director of Infrastructure at the EAC Secretariat
- Eng. David Niyonsenga, the PIDA Infrastructure Expert at EAC Secretariat, introduced the overview of the project, its scoping and prioritization process and the experiences of EAC countries in respect to the development of infrastructure through PPP models. So far, Entebbe-Kampala & Mombasa-Nairobi are equally the new expressways in the region under development as toll roads. The legal and regulatory aspect is being harmonized to determine a seamless categorization of regional corridor roads based on their level of access and designs standard, among others.
- Mrs Carla Rooseboom, a member of Pegasys consultant team which prepared the Dar es Salaam – Chalinze road project information memorandum (PMI) based on the feasibility study and preliminary design report undertaken by Tanzania National Roads Agency, TANROAD. She provided the technical features of the project, the anticipated business model, financial analysis, revenue model and funding opportunities.
- Prof Raul Katz from Global Clearinghouse presented the social returns of the projected highlighting the anticipated magnitude of jobs to be created as project impact, and also induced socio-economic activities in favour of the local labour market.
- Mr Mohan Vivekanandan from the Development Bank of Southern Africa, DBSA, reiterated that the project is bankable from the fact that is needed and the Government of Tanzania is willing to top up with guarantees to strength the viability. He advised that project figures should be relooked at to ensure the value of money to the Government and people of Tanzania.
- Mr Arthur Chaora-Wakapiwa from Afribiz Foundation reiterated that much attention need to be done on primary works so that the project is anchored on a found foundation in terms of detailed financial figures, stakeholder’s engagement in the early stages of the project preparation including considerations of the impact and sustainability to the local community.

Key recommendations

- After discussions and plenary interventions, it was recommended that traffic demand risk be looked at both private and public sector angles. The transaction structuring should provide a provision for public gain of excess revenues in case the traffic surpasses the projected demand.
- A relook at the project costs derived for the feasibility studies taking into consideration similar projects implemented within the region to guarantee value for money investment and its sustainability.
- It was recommended that the financial analysis be relooked at to reflect the value of money but also analyse the effects of other competing projects being developed along the Dar es Salaam – Morogoro trunk road including the standard gauge railway under development both in the Central and Northern Corridor.
- The representative of KfW expressed KfW interest to co-finance the project and he also advised that the resettlement process be carefully managed as it has been identified as one of the main sources of social bottlenecks for infrastructure projects.
- Awareness for public readiness for toll road, their level willingness to pay and adequate tariff were recommended as factors to be further analysed, cultivated and promoted

Introduction of issue

The session on the Projects allowed the panel to present the project Kinshasa- Brazzaville Rail & road.

1. The project consists on a tolled road-rail bridge across the Congo River linking Kinshasa and Brazzaville. The bridge is part of a larger project, the Kinshasa-Ilebo Railway project that aims to improve the railway network in Africa. Whilst the bridge will improve and secure the connections between the two capitals of the DRC and RC, the larger project will connect into the Trans-African Highway and the Pointe Noire – South Eastern Africa Railway Network. The Project will stimulate trade between Brazzaville and Kinshasa, the DRC and RC, and the region. It will also encourage movement of people and goods along the Tripoli-Windhoek corridor
2. The bridge will be 1,575m in length, and will include a single railway track, two road lanes (one in each direction) as well as two sidewalks. To connect the bridge to existing road infrastructure, there will be a road extension of 6.8km in the DRC, and 3.2km in the RC. The road could be extended to four lanes if future demand justifies such an extension.
3. On the business model side, the studies are still in their preliminary phase. The feasibility studies have been completed but the fact that all the studies of the financial model are in progress is an opportunity to be able to make the appropriate adjustments if necessary. Project will be developed through a Build–Operate–Transfer (BOT) PPP financed with 70% debt and 30% equity. The Special Purpose Vehicle (SPV) will require more than USD321 million of debt funding to fund project costs and other project finance requirements. It is a PPP with direct reimbursement by the setting in operation of a toll for the road as for the rails. For the latter, an adapted sample will be taken.
4. The socio-economic assessment specialist told the participants that the project has great potential to stimulate the local economy and ultimately the regional economy. The Project's positive socio-economic impacts are expected to be significant. The bridge is expected to stimulate the local, provincial and regional economy, by creating jobs in the region. The project is also likely to trigger further regional development of infrastructure. Its negative impacts are expected to include the resettlement of populations living, possessing property or exercising business activities on the construction site. Impact on the environment include construction related risks – e.g. pollution risks – and the impact of the carbon footprint to connect to the bridge.

Summary of discussion

1. The discussion time was an opportunity for a participant to wish the project to be integrated into the PIDA priority action plan. But the response of the panelists supported by the Director of Infrastructure and Energy of the African Union showed the participants that this project is indeed in the priorities of the PIDA and has regularly followed the entire process of selection of PIDA projects and was also presented in Abidjan this year at the last AU-EU summit.
2. The panelists acknowledged that there is some reluctance but are not generally technically sound. These reluctances relate to the importance of the costs of the road, but it is important to consider the integrating nature of the project and the importance of the expected flows. There is currently a significant commitment on the project by the two states that have already planned in their budget.

3. It was also clarified that the location chosen for the construction of the structure takes into account several technical factors, namely hydrographic and hydrological properties, the scope of the structure, and so on.
4. Some participants pointed out that South Africa has a lot of experience in market operations, financial structuring and the conduct of operations, and so on. This is not the case for other REC countries, in a context of endemic poverty, low standard of living and income of the population. Their concern is that this situation certainly increases the risk of traffic and, more generally, demand during operation.
5. Participants criticized the fact that the two connected cities are so far apart and find in this situation a factor that increases the risks of demand.
6. The participants also suggest that in the process of carrying out the studies, the designers must consider the flaws in the reliability of projections and forecasts, in order to anticipate by the setting up of compensatory mechanisms. The financing file is then likely to better convince partners and investors.

Key recommendations

The discussions made it possible to retain or understand:

- Importance of better understanding the market and having guarantees;
- Lobbying governments to obtain better commitment and, ultimately, the necessary guarantees.
- The DBSA is very interested in involvement in the project, but would need a partnership or involvement of a partner like the EU because the costs seem high.
- The European Union is open to all discussions on all the projects selected by AU Heads of State and Government within the framework of PIDA. The projects are at various stages of maturity and, depending on their progress, discussions with the EU will also progress.
- There is a need to move forward now on the projects whose preparation has only lasted too long.

ETHIOPIA-SUDAN INTERCONNECTOR

Introduction of issue

The session was aimed at providing an overview of the project status of the transmission lines interconnection between Ethiopia and Sudan. The two countries have already connected their grids at 220 kV. The Ethiopia-Sudan interconnector will transmit power from the Ethiopian renaissance dam to Sudan at 500 kV. The total cost of the project is estimated at US\$566 million of which Sudan will account for about US\$537 million. The feasibility study carried out on the projects indicates technical, economic and environmental benefits including job creation potential, increased electricity access, climate change mitigation and spill over benefits to other sectors including tourism.

Summary of discussion

1. The bankability of the project will be determined by the tariffs set by the two countries. The EEP and SETCO could carry out a joint study to identify and set the appropriate tariffs.
2. The mobilization of financing required for this project will be determined by the ability of both Governments to provide guarantees to project financiers.
3. It is important that the project allows for the provision of power to rural and remote areas along the interconnector.
4. There is a need for involvement of all stakeholders at the regional, national and local levels in the implementation of the project.
5. Greater political commitment and leveraging on past collaborations between the two countries will accelerate the implementation of this project.

Key recommendations

1. Ethiopia and Sudan through the EEP and SETCO, respectively should carry out a joint bankability study on the project to identify the appropriate tariffs that will ensure the sustainability of the project.
2. The implementation of the project should involve the participation of local stakeholders in addition to the national and regional stakeholders.
3. The African development Bank is encouraged to help Ethiopia and Sudan to mobilize the required financing for implementing this project.
4. Ethiopia and Sudan should ensure appropriate measures are taken to guarantee payments to project financiers, which will help to attract financing for the project.

KINSHASA- BRAZZAVILLE RAIL & ROAD – PLACIDE

Introduction of Issue

ECCAS is the REC that oversees the project. The project is a toll road and rail bridge across the Congo River linking Kinshasa and Brazzaville. It is undertaken in order to facilitate regional integration and trade between the involved countries. The project is aimed to provide access for landlocked countries to ports and it is 1575 km in length.

- **Business Model & Project Costs** - The project will be developed through a Build-Operate-Transfer PPP, financed with 70% debt and 30% equity. The Special Vehicle Purpose (SPV) will require more than USD321 million of debt funding to fund the project costs and other project finance requirements.
- **Financial Analysis & Revenue Model** - Toll revenues will be paid by passengers and goods crossing the bridge will be collected by concessionaire. The feasibility study forecasts a project IRR of 16.9% and an equity IRR of 24% in Euros. The discount rate of 12% was used and resulted to a net value of EUR 303.5 million. A payment tool which will allow the two countries to share in the higher than expected demand may need to be developed to ensure value for money for the public sector. The private sector may require protection in form of a patronage.
- **Development & Funding Opportunities** - To unlock funding, a demand study should be undertaken via surveys to develop as part of the planned “Initial Business Case”. The surveys should also seek to identify the affordability levels to allow investors and funders to conclude how affordable the proposed toll rates will be to potential users. The demand analysis will need to substantiate the significant growth in demand.
- **Environmental & Social Assessments** - The feasibility study includes a comprehensive environmental and socio-economic impact study as well as a sustainability study. The project’s positive socio-economic impacts are expected to be significant. The bridge is expected to stimulate the local, provincial and regional economies by creating jobs in the region.
- **Job Creation** - The project will create an estimated 420 000 job years over 100 years useful life. 50% of the raw materials and local content will be purchased in Tanzania and others will be purchased in South Africa. This will generate jobs within Africa. The secondary effects are also positive and the impact on trade is going to be most pivotal.
- **Implementation Timeline and Way Forward** - There is preparation of an Initial Business Case including a demand study. There is also market sounding with DFI lenders, EPC contractors and potential equity investors. There is a refinement of the PPP structure and release of the tender documents. Money needs to be spent in terms of appointing the right and qualified advisors who will guide the project owners. The project could go to the market in terms of procurement in about one and a half years.
- **Opportunities to Unlock Projects** - DFIs and/or ICPs can fund the TA costs to advance the project and extend

concessionary loans. Institutional investors, commercial banks and developers can provide equity for PPP. Governments can provide patronage guarantees and ensure that legal frameworks are in place. NEPAD and the RECs can ensure political support for the project, coordinate technical teams between the countries and market the projects to funders.

Summary of the Discussion

- The project is not following the traditional project packaging. The actual bridge is far from the two cities (Kinshasa and Brazzaville).
- The Director of AUC for Infrastructure & Energy – the 5 presented projects are included in the PIDA Priority projects. The list of the projects has been approved by the highest levels of state and governments. This specific project is part of the shortlist and was presented at the Summit between the EU and the AU. Most of the material for construction will be imported. The approach of the project is about continental integration and all expenses do not have anything to do with integration. The need to take the value of initial investment and compare it with other projects is not a criterion for integration. There is political commitment from both countries and these countries are ready to include this project within their national budgets. The AfDB is very interested in the project and there is high commitment from all partners present.
- There needs to be clarity on existence of provisions made for the relocation of the population situated at the project site.
- The project preparation process needs to be thought of in depth including the ToRs that independent experts utilize in conducting the studies. Project donors, target countries and partners need to have knowledge of these aspects. Best practices and lessons learned are needed as the introduction indicated that market sounding follows and comes after market demand. The project structure setup should be detailed and analysed. In order to obtain project financing, there is a need to know who does the market sounding and the demand study and the party responsible needs to be a third party. Regarding job creation, there needs to be a directory of African suppliers to empower purchasing decisions on what is sourced locally. The translation into jobs is thus important. These are all aspects that need to be incorporated into project preparation so that projects are bankable and ready.
- Response from Panelists - The prefeasibility study investigated different potential locations of the project. The selection of the location was done using a series of criteria such as the span of the bridge, length and so forth. The costing had a detailed option analysis. There is work undertaken in terms of environmental relocation and an existing document on provisions of relocation of the population situated at the project site. Job creation and economic development are the centre of the assessment of the project. Social economic return is something taken into consideration in terms of this project. There is a need to look at what the intended aim of the project is, what it is that is aimed to be maximized, is important for the conceptualization of the project.
- Comments from the Floor- the EIP could be used to stand behind countries such as the DRC and the Republic of Congo to provide an EU route. Support from the EU would be helpful in terms of providing pricing for countries such as the DRC and the Republic of Congo.
- There is a need to look at fundamental studies to inform governments properly on aspects such as demand study on traffic and tariffs, thus making the project more investor friendly. These should be incorporated in the project preparation.

Key Recommendations

1. In terms of funding, the EIP will be the vehicle and will have a window for guarantees. The issue to consider is that the blending mechanism operating within the EU, project preparation needs to be clearly defined in terms of costings and benefits. At the current stage, the EU has reservations with the project

around issues of technical solutions proposed, the location of the project and it being a combination of road and railway. At a political level, there is commitment by governments and regional entities.

2. There is a concern on whether toll bridges are feasible in low income countries. The viability of the project depends on the charges, and alternatives available instead of using the bridge. The feasibility study suggests that people will save significant money by using the bridge instead of going through the water via boats. A significant growth in population using the bridge is estimated by the feasibility study.
3. Conclusion - The project offers an opportunity for the two countries to connect. The way forward is the realization of viable steps in the implementation of the project. The AfDB will continue to support the project moving forward. There is a need for better engagement of stakeholders of the project. Discussions on the project are ongoing and continuing.