

Draft

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6th Edition of PIDA Week
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Virtual Event

Hon. Ministers

Distinguished representatives of the various Governments, Regional Economic Communities and Development Partners in attendance today

Delegates, Ladies and Gentlemen

Compliments of the new year to you all and welcome to this 6th Edition of PIDA Week being held under the theme “***New decade, new realities, new priorities – positioning PIDA and infrastructure development in Africa’s continued growth and economic recovery.***”

- First, I would like to express my sincere appreciation to the Government of the South Africa, our esteemed partners and all PIDA stakeholders for the kind participation in this virtual edition of PIDA Week. This 6th edition of PIDA week takes place at a critical time, for the continent.
- To begin with, we are marking ten years of the implementation of the PIDA programme (also known as PIDA PAP I) and its transition to the second Phase of the Programme (PIDA PAP II).
- Secondly, the world has been thrust into a crisis due to the COVID-19 pandemic and this virtual meeting bears testament to social disruptions that our societies are going through. Africa has been disproportionately affected due to policy and structural gaps that have exposed her lack of resilience to such shocks. This has and will continue in the near term, to adversely affect the continent’s plan to realise the much-needed developmental goals and aspirations in many areas including, in our context, attainment of key continental infrastructure. COVID-19 is expected to significantly widen fiscal deficits across the continent, making infrastructure financing harder to come by. The pandemic will likely set most large-scale development projects back in the short-to-medium term.
- Lastly, and on a positive note, on 1st January 2021 trading under the African Continental Free Trade Area (AfCFTA) kicked off. This is a historic milestone for the continent as Africa starts the journey of increasing intra-Africa Trade.

Distinguished guests, delegates, ladies and gentlemen

- Allow me to reflect on the on the implementation of the PIDA programme and the way forward through **FOUR** key issues that draw from these occurrences.
 - (i) Some key highlights of the first decade of PIDA implementation
 - (ii) Successes and lessons learnt from PIDA PAP I implementation
 - (iii) The paradigm shift and the Integrated Corridor Approach that underpin PIDA PAP II
 - (iv) A depiction of what infrastructure development will look like in the face of twin challenges of Climate Change and Global Pandemics

a) Highlights of the first decade of PIDA PAP II

Distinguished guests, delegates, ladies and gentlemen,

- PIDA was adopted as strategic framework for regional infrastructure development on the continent by the African Heads of State and Government during the 18th ordinary session of the AU Summit in January 2012.
- Since then we have worked at building the PIDA brand and advancing infrastructure implementation in collaboration with partners and stakeholders through a **Series of Initiatives**:
- To mention a few
 - i. The Dakar Financing Summit (DFS) in **June 2014**, which identified major challenges to the PIDA vision (such as lack of capacity for project preparation and lack of funding for project preparation, etc.) and developed innovative solutions to tackle those bottlenecks.
 - ii. The Project Preparation Facilities' (PPF) Roundtable and Launch of the PIDA Service Delivery Mechanism (PIDA SDM) in **November 2014**,
 - iii. Launch of the Continental Business Network (CBN) **June 2015**
 - iv. The First PIDA Week, Abidjan, Côte d'Ivoire in **November 2015**
 - v. The operationalisation of the PIDA Capacity Building Programme supported by the AfDB in **2016**
 - vi. Launch of 5% Agenda at NASDAQ, New York, **September 2017**
 - vii. Launch of the PIDA Job Creation Toolkit in 2018
 - viii. Conceptualisation of the Africa Infrastructure Guarantee Mechanism
 - ix. Launch of the Co-Guarantee Platform
- The CBN, SDM, Jobs Creation Toolkit, Africa Infrastructure Guarantee Mechanism, 5% Agenda and PIDA CAP have become key instruments for the acceleration of the implementation of PIDA projects and will continue to drive PIDA in the next decade.

b) PIDA Implementation Status, Successes and Lessons learnt

- For the 400 plus projects in PIDA PAP 1, the status of implementation as at the end of 2020 is:
 - i. 76 projects are in operation
 - ii. 79 projects are under construction
 - iii. 23 projects are at tendering stage and
 - iv. 21 projects at transaction support and working towards financial close
- This represents about 50% of the project portfolio.
- While this is commendable, progress could be improved through:-
 - 1) ***the efficient use of scarce project preparation funds to prepare projects to bankability,***
 - 2) ***mobilising resources for project preparation and recycling these funds to bring new projects into the pipeline and***

3) ***ensuring that adequate resources are allocated for early-stage project preparation.***

Ladies and gentlemen,

- Goes without saying that infrastructure development in isolation is not sufficient for the social upliftment of our population. This brings me to my third point.

c) The development of PIDA PAP II premised on an Integrated Corridor Approach

- Preparations for PIDA PAP II are in the final stages.
- The priority list of projects is **on track to be approved by the Heads of States during the AU Summit in February** after the recent validation by the recent **Ministerial STC meeting that took place on the 12th of January 2021.**
- In this regard, I would like to **commend the leadership provided by the AUC and the members of the Taskforce, chaired by the AfDB, whose members include AUC, UNECA and AUDA-NEPAD as well as all the Member States, Regional Economic Communities and Development Partners** who participated in the process of developing PIDA PAP II.
- Recognising the key lessons from PIDA PAP I, **Africa's Ministers responsible for Infrastructure approved the adoption of the Integrated Corridor Approach** as the overarching basis for the development of PIDA PAP II.
- **The approach is based on two pillars:**
 - i. The corridor planning concept that ensures that all related corridor infrastructure, link to and complement each other, and
 - ii. The integration of inclusivity, social and sustainability features into the planning process mirroring the AU Agenda 2063 vision, in order to realise the full socio-economic development impact of regional projects.
- While these **two pillars** have been **used to develop the eligibility and selection criteria for projects,**
- They **have also been used to craft the PIDA PAP II Integrated Corridor Implementation Principles as outlined in the PIDA PAP II Implementation Strategy.**
- My team will present the details of the Implementation Strategy during this PIDA Week.
- However, I would like to **draw your attention to three of these principles.**
 - (i) The first one is that the **second phase PIDA PAP II will focus on the development of Integrated Economic Corridors, to broaden the socio-economic development of PIDA by creating synergies between PIDA Sectors and other economic sectors** such as tourism, agriculture, services and trade as well as industrialisation, within RECs and Member States. **A critical success factor** of this principle would be to **use Infrastructure as a foundation for the operationalisation of the AfCFTA.**

(ii) Maximising employment opportunities through the **targeted use of the Job Creation Toolkit** and **mainstreaming gender and youth employment in Infrastructure Development**

(iii) Lastly, we will aim to certify quality control and quality management in the project preparation cycle to ensure that we consistently and cost effectively create a pipeline of Bankable PIDA Projects through the systemic application of PIDA Instruments with checks at every stage of the project preparation cycle through the PIDA Quality Label. Our hope is that we will be able to effectively utilise the scarce project preparation resources that are available and enable us to leverage additional resources through the implementation of a project preparation cost recovery mechanism for those projects that reach financial close.

- As I have noted before, while the **AfCFTA has become a reality, developing robust infrastructure is crucial to its operationalisation and success; Member States must be connected physically and digitally through hard infrastructure** and connected in the harmonisation and coordination of processes through soft infrastructure . At 16.6% of total trade, as a percentage of total African exports, intra African Trade remains low compared to other continents. In this regard, **the Integrated Corridor Approach will contribute to ensuring that all related corridor infrastructure, link to and complement each other as a critical enabler of the AfCFTA.**

d) Infrastructure in the face of twin challenges of Climate Change and Global Pandemics

- Lastly, the **transition from PIDA PAPI to PIDA PAP II is taking place during the biggest global pandemic in modern history.** In the midst of such extraordinary challenges and uncertainties brought about by the **COVID-19 pandemic**, we **have to act more decisively to mitigate the immediate and long-term impact of the pandemic and its consequences.** The pandemic presents an opportunity to shape the state of the world for years to come, for the better.
- **COVID 19 has heightened the need for us to hasten infrastructure development** in Africa to support adoption of hygienic practices, delivery of health services, remote working, remote learning and the continuation of economic activity under disruptive conditions.
- **Access to clean water and sanitation, energy and ICT infrastructure has been key for our survival.**
- In addition, **transport and logistics have played a pivotal role in distributing medical supplies and maintaining vital trade routes during the various lockdowns.**
- As countries continue to battle the pandemic **more resources will need to be directed towards health care and social protection programmes.** This **will divert already scarce resources away from infrastructure development.** This is a paradoxical dilemma for government since infrastructure spending is going to

be key for the post recovery period as we painstakingly work to contain the virus. We will therefore need to work with our various stakeholders, especially the private sector, to identify innovative ways of funding infrastructure development.

Distinguished guests, delegates, ladies and gentlemen

- Before I conclude on this point, I would like to put into real life context the vulnerabilities and shocks that we are exposed to. Recently, **cyclone Idai caused devastating loss of lives, destruction of livelihoods and infrastructure** in Mozambique, Malawi, Zambia and Zimbabwe.
- The **cyclone destroyed power infrastructure** a case in point being the High Voltage DC line linking South Africa and Mozambique. It also destroyed **roads and bridges**.
- As the continent becomes more interconnected, the **impact of such natural disasters will be more evident and widely felt in the future**.
- The **vulnerabilities highlight the urgent need for us to “modernise” PIDA implementation so that our infrastructure is not only responsive to our needs, but also builds the necessary resilience against such shocks**.
- **Resilience emphasises the importance of recovery and adaptation in the aftermath of disruption**. This calls us to **start seriously thinking about climate proofing our Infrastructure designs**.
- Therefore, **in the second phase/decade of PIDA, the Integrated Corridor Approach and the attendant Implementation Principles will be the cornerstone of our work**.
- We will aim to **strengthen our cooperation with development partners to mobilise resource for project preparation while ensuring the efficient use of the resources through the systematic application of the PIDA Quality Label to consistently develop a pipeline of bankable projects**.

With these few remarks, I welcome you to the 6th PIDA Week and wish you fruitful deliberations and exchanges.

I thank you.