

# **AFRICAN DEVELOPMENT BANK**



## **NEPAD Infrastructure Project Preparation Facility (IPPF) Special Fund NEPAD-IPPF**

### **Project Information Memorandum - PIM Programme for Infrastructure Development in Africa (PIDA)**

**December 2009**

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## **ABBREVIATIONS**

|         |   |
|---------|---|
| AAP     | : African Action Plan                                       |
| ADB     | : African Development Bank                                  |
| ADF     | : African Development Fund                                  |
| AICD    | : African Infrastructure Country Diagnostic                 |
| AU      | : African Union   |
| AUC     | : African Union Commission                                  |
| AWF     | : African Water Facility                                    |
| CEMAC   | : Economic and Monetary Community of Central Africa         |
| CENSAD  | : The Community of Sahel-Saharan States                     |
| COMESA  | : Common Market for Eastern and Southern Africa             |
| DfID-UK | : Department for International Development – United Kingdom |
| EAC     | : East African Community                                    |
| ECCAS   | : Economic Community of Central African States              |
| ECOWAS  | : Economic Community of West African States                 |
| EC      | : European Community  |
| EU      | : European Union  |
| GCI     | : Global Competitive Index                                  |
| ICT     | : Information and Communication Technology                  |
| IGAD    | : Inter Governmental Authority on Development               |
| IPPF    | : Infrastructure Preparation Facility                       |
| IsDB    | : Islamic Development Bank                                  |
| MLTSF   | : Medium to Long Term Strategic Framework                   |
| NEPAD   | : New Partnership for Africa's Development                  |
| NTCF    | : Nigeria Technical Cooperation Fund                        |
| PIDA    | : Programme for Infrastructure Development in Africa        |
| REC     | : Regional Economic Community                               |
| SADC    | : Southern African Development Community                    |
| STAP    | : Short Term Action Plan                                    |
| UMA     | : Arab Maghreb Union  |

## **Executive Summary**

**Introduction:** The African Union Commission (AUC) with the support of the NEPAD Secretariat and the African Development Bank submitted a request to the NEPAD Infrastructure Project Preparation Facility (IPPF) in July 2009 for financial support towards the cost of undertaking the Sector Studies for the Programme for Infrastructure Development in Africa (PIDA). The request is for a grant amount of USD 2 million to the African Union Commission (AUC), to co-finance the PIDA sector studies and fill the financing gap in the study cost estimates. The PIDA comes out of the merging and restructuring of AUC and NEPAD Secretariat led ongoing regional and continental infrastructure study initiatives – { AUC - Continental Master Plans and Policies Initiative and ii) the NEPAD-Medium to Long Term Strategic Frame Work Study} into one.

**Project Objective:** The overall goal of PIDA is to promote socio-economic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure networks and services. The PIDA Sector Studies will assist in developing a vision on Africa's infrastructure based on strategic objectives and sector policies; and prioritized regional and continental infrastructure investment programmes in Energy, Transport, Information and Communication Technologies (ICT) and Trans-boundary Water Resources sectors over the short, medium to long term, up to year 2030. In addition the Studies will recommend the required institutional architecture/regulatory measures for implementation/monitoring and the necessary financing mechanisms.

**Key Development Issues Addressed by the PIDA:** PIDA offers a platform for fast tracking socio economic development and integration on the continent as it focuses on the regional approach to infrastructure development which advances the benefits of economies of scale as a key engine for such integration, improved intra African trade and increased participation in the global economy. The economies of scale from through shared production, management and operation of transnational infrastructure network and services will result in reduced production and transaction costs, and enhance competitiveness of businesses, with positive impact on foreign direct investment flows to the continent; and on the rate of economic and social development. PIDA therefore addresses these issues by establishing a common vision and global partnership to have in place an adequate, cost effective and sustainable infrastructure base to promote Africa's Socio economic development and integration into the global economy.

**Strategic Context:** The design and scope of PIDA aligns itself squarely with the NEPAD mandate of enhancing integration in Africa through the development and implementation of regional infrastructure, and specifically with the NEPAD-IPPF scope of activities which cover support to regional and continental institutions for preparation of multinational projects in all the four infrastructure sectors under PIDA. The PIDA also fits well with the Bank's Regional Integration Strategy which has as one of its pillars the objective of providing investment, technical assistance and knowledge to facilitate the delivery of priority regional and continental infrastructure.

**Project Description:** PIDA is a continent wide programme to develop a vision, policies, strategies and an investment programme for regional and continental infrastructure in transport,

energy, trans-boundary water and ICT to the year 2030. The programme has as its main component - Sector Consultancy Studies, which are to be supported by the requested IPPF

Grant and to be undertaken over an eighteen month duration with various outputs to guide strategic choices for the most sustainable, cost effective options for development of the four infrastructure sectors based on a common vision on how infrastructure could best service Africa's development over the long term from consultative/validation workshops at sector, regional and continental levels.

**Project Cost and Financing:** The PIDA initiative requires a total amount of USD 11,391,527, which includes the cost of an independent advisory panel of experts (supported by DFID), regional and sector consultative workshops (supported by NTCF and EU) and implementation of an infrastructure database (supported by the EU). The Sector studies component alone requires a total amount of USD 7,552,343, with the ADF providing USD 1, 933,319 (25.6%); the African Water Facility (AWF) with USD 1,862,224 (24.6%), the Islamic Development Bank (IsDB) with USD 1,756,800 (23.3%), and the NEPAD-IPPF USD 2 million grant representing 26.5% of the cost.

**Project Risks:** The PIM has identified the major risks associated with the project including (i) risk of inadequate peace, stability and good governance on the continent, (ii) low political commitment to regional integration, (iii) inadequate buy-in by national governments, development partners & private sector and (iv) the risk associated with the inadequate institutional capacity for the management and implementation of PIDA Study. Appropriate mitigation measures have been put in place in the project design including a Study Governance Structure that involves all key stakeholder (AUC, NEPAD, UNECA, RECs, Development Partners) and an intensive stakeholders consultative process; that would enable PIDA to achieve its development objectives.

**Project Benefits:** PIDA will bring together or merge the various regional and continental infrastructure initiatives, such as the NEPAD Short Term Action Plan, the AU initiatives and the various REC level initiatives into one coherent programme for the entire continent, covering all the four key sectors of Transport, Energy, Trans-boundary Water and ICT. This will be developed on the basis of a common vision for the continent's socio- economic development and in line with a strategic framework and sector policies developed under the studies. PIDA will also develop an infrastructure investment programme (short, medium and long term) to be built around priorities established by the RECs and shall include an implementation strategy and processes, including a priority action plan. These shall form the basis of a continental infrastructure development agenda developed through consensus and with the buy in of all stakeholders. Future interaction with Africa's development partners willing to support regional and continental infrastructure shall be guided by the PIDA.

**Recommendation:** In view of the importance of the PIDA Studies initiative to the African Continent and its alignment with both the Bank and NEPAD-IPPF priorities, it is recommended that a grant up to a maximum of Two Million United States Dollars (USD 2.0 million) be given by the NEPAD-IPPF to the African Union Commission (AUC) for PIDA Sector Studies as contained in this Project Implementation Memorandum (PIM).

## PIDA Results Based Matrix

| Hierarchy of objectives  | Expected results  | Reach   | Performance indicators  | Objective indicators and timeframe  |   | Significant Risks and mitigation measures  |
|--|---|---|---|---|---|--|
|  |   |   |   | Baseline  | Targets   |  |
| <p><b>Goal</b></p> <p>• To promote socio-economic development and poverty reduction in Africa through improved access to integrated continental and regional infrastructure networks and services</p>  | <p><b>Impact</b></p> <p>1.1- Economic development in Africa enhanced</p> <p>1.2- Human Development in Africa improved</p> <p>1.3- Africa countries and regions competitiveness.</p> <p>1.4- Africa countries and regions share in global trade improved</p> | <p><b>Beneficiaries</b></p> <p>The African population, businesses, RECs and national governments.</p> | <p><b>Impact Indicators:</b></p> <p>1.1. GDP Per Capita</p> <p>1.2. Human Development Index</p> <p>1.3. . Africa countries competitiveness indices</p> <p>1.4. Share in global trade / intra Africa trade as percentage of global trade</p> | <p>GDP per capita of USD 2,500 in 2007</p> <p>Human Development Index of African Countries in 2008</p> <p>GCI of 4.09 for North Africa; GCI of 3.29 for Sub-Sahara Africa in 2007</p> <p>Africa share of global trade at 3.1%; Intra Africa trade share of global trade of 0.31% in 2008</p> <p><b>Sources:</b><br/>UNDP, UNCTAD; World Bank, UNECA &amp; ADB annual reports &amp; statistical bulletins.</p> | <p><b>Progress anticipated in the long term:</b></p> <p>GDP per capita of USD 7,500 by 2030</p> <p>Human development index in 2030 comparable to other developing regions</p> <p>GCI increased from 4.09 (North Africa) and 3.29 (Sub Sahara Africa) to 4.47 (all of Africa) by 2030</p> <p>Africa Share of global trade and intra Africa trade share of global trade to double by 2030</p> | <p><b>Assumption statement:</b></p> <p><b>Risks</b><br/>Inadequate Peace, Stability and good governance on the continent. Low Political commitment to regional integration</p> <p><b>Mitigation Measures:</b><br/>2. Effective AU peace making mechanism and NEPAD African Peer Review mechanism for good governance in place.</p> |
| <p><b>Project/ Programme Purpose</b></p> <p>1. To have an adequate, cost effective and sustainable infrastructure base to service African economies (in Energy, Transport, Information and Communication Technology (ICT) and Trans-boundary Water sectors) based on a development vision, coherent strategic objectives and sector policies</p> | <p><b>Outcomes</b></p> <p>1. Investment flows and global partnership to bridge infrastructure gap in Africa increased</p> <p>2. Quantity and quality of infrastructure and its service levels improved</p>  |   | <p><b>Outcome Indicators:</b></p> <p>1. Investment flows into infrastructure sectors in Africa</p> <p>2. Accessibility &amp; service level indices</p>  | <p>1. USD 40 billion in external finance for infrastructure in 2007</p> <p>2.1 Electricity Generation Capacity of 117.5 GW in 2007</p>  | <p><b>Progress anticipated in the medium term:</b></p> <p>USD 80.0 billion per annum on average by 2020</p> <p>Electricity Generation capacity of 300 GW by 2020</p> <p>70- 80% access by 2020</p>  | <p><b>Assumption statement:</b></p> <p><b>Risks</b><br/>1. Inadequate buy-in by national governments, devt. partners &amp; private sector</p> <p><b>Mitigation Measure</b><br/>1. Study has in built consultative process for</p>  |

|   |   |  |   |  |  |   |
|---|---|--|---|--|--|---|
|   |   |  |   | <p>2.2 34% access to electricity in 2008;</p> <p>2.3 Access to water and sanitation for 65% and 38% respectively in 2007</p> <p>2.4 Exploited hydropower potential at 3% in 2006</p> <p>2.5 3.8% water withdrawal level in 2008;</p> <p>2.6 18% irrigation potentials exploited in 2007;</p> <p>2.7 Water storage capacity per capita of 200m<sup>3</sup>/yr in 2006</p> <p>2.8 Telecom penetration rate of 6% in 2008</p> <p>2.9 Mobile Telephone Tele-density for Africa of 18.28/100 in 2007.</p> <p>Road Access rates of 34% in 2007</p> <p>Freight cost equivalent to 10 – 25% of total value of imports in 2007</p> <p><b>Sources:</b><br/>Governments/ADB/AU/RECs /UNCTAD/IEA statistical bulletins &amp; reports</p> | <p>Water/sanitation access of 80-90% by 2020 and beyond</p> <p>Exploited hydro potential to increase to 10% in 2020</p> <p>20% water withdrawal level by 2020</p> <p>25% irrigation potential exploited by 2020</p> <p>Water Storage capacity per capita of 600m<sup>3</sup>/yr in 2020</p> <p>Telecommunication penetration rate of 50% by 2020</p> <p>Mobile Telephone Tele-density of 60/100 in 2020 upwards</p> <p>Road Access rate of over 50% by 2020 and 80% by 2030</p> <p>Freight cost to reduce to global average of about 5.5% of total import value by 2020 and beyond</p> | <p>stakeholder consensus on study outputs.</p> <p>2.Competent firms are recruited for implementation of the PIDA Initiative; and effective coordination among the various RECs and their national governments</p>                             |
| <p><b>Activities</b></p> <ol style="list-style-type: none"> <li>Set up Steering Committee for Studies</li> <li>Set up Technical Committee/Project Management Team.</li> <li>Recruit International Panel of Experts</li> <li>Recruit PIDA Sector Studies/African Infrastructure Data base &amp; Audit</li> </ol> | <p><b>Short Term Outputs</b></p> <ul style="list-style-type: none"> <li>Vision on Africa's infrastructure</li> <li>Strategic objectives and Sector policies</li> <li>Models and scenarios for sector development over 2030 horizon</li> <li>Prioritized regional</li> </ul> |  | <p><b>Beneficiaries</b></p> <ol style="list-style-type: none"> <li>African Governments</li> <li>Programme Sponsors; AUC, NEPAD, AfDB</li> <li>RECs</li> <li>AU specialised institutions and other sector organisations</li> <li>Development Partners</li> <li>Consultants,</li> </ol> | <p><b>Indicators</b></p> <ol style="list-style-type: none"> <li>Vision and Scenarios for development</li> <li>A strategic framework for development of regional and continental infrastructure in four sectors report</li> <li>Infra Infrastructure development</li> </ol>   | <p><b>Targets</b></p> <ol style="list-style-type: none"> <li>Award of consultancy services contract for sector studies by October 2009.</li> <li>Methodical Brief submitted 11 weeks after commencement of services;</li> <li>Phase 1 report submitted 20 weeks after commencement</li> <li>Phase 2 report submitted 24</li> </ol>   | <p><b>Assumptions</b></p> <ol style="list-style-type: none"> <li>1. Institutional capacity in place for the Management and implementation of PIDA Study</li> <li>2. Consultants deliver in accordance with expectations and within</li> </ol> |

| <p>services consultants</p> <p>5. Carry out Studies</p> <p>6. Workshops (validation, sector &amp; Regional)</p> <p>7. Technical/Steering Committee Meetings</p> <p>8. Editing and Translation</p>  | <p>and continental infrastructure Investment Programme over short medium to long term;</p> <ul style="list-style-type: none"> <li>institutional and financing mechanism including transparent regulatory framework &amp; commercial incentives for private sector;</li> <li>Implementation and monitoring measures.</li> </ul> |                   | <p>contractors and investors</p> | <p>programmes (Transport, Energy, ICT &amp; Trans-boundary Water sectors) over a time horizon up to 2030 report</p> <p>4. Final Implementation strategy and processes, including a priority action plan reports</p> | <p>weeks after phase 1 validation;</p> <p>5. Phase 3 (final) reports submitted 12 weeks after phase 2 validation</p> | <p>time schedule</p> <p>3. Key stakeholders accept the outputs of the studies.</p> |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
|--|--|-------------------|----------------------------------|---|--|--|------|-----------|-----------|-----|-----------|-----------|------|---------|---------|----|-----------|-----------|------|---------|---------|------------|-----------|-----------|--------------|------------------|-------------------|--|--|--|--|--|--|
| <p><b>SOURCES OF FINANCE*</b></p>  |  |                   |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| <table border="1"> <thead> <tr> <th>Source</th> <th>Euro</th> <th>USD</th> </tr> </thead> <tbody> <tr> <td>ADF</td> <td>1,320,573</td> <td>1,933,319</td> </tr> <tr> <td>IsDB</td> <td>1,200,000</td> <td>1,756,800</td> </tr> <tr> <td>AWF</td> <td>1,272,011</td> <td>1,862,224</td> </tr> <tr> <td>NTCF</td> <td>666,461</td> <td>975,699</td> </tr> <tr> <td>EU</td> <td>1,523,857</td> <td>2,230,926</td> </tr> <tr> <td>DFID</td> <td>432,075</td> <td>632,558</td> </tr> <tr> <td>NEPAD-IPPF</td> <td>1,366,120</td> <td>2,000,000</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>7,781,097</b></td> <td><b>11,391,526</b></td> </tr> </tbody> </table> | Source   | Euro              | USD                              | ADF   | 1,320,573  | 1,933,319  | IsDB | 1,200,000 | 1,756,800 | AWF | 1,272,011 | 1,862,224 | NTCF | 666,461 | 975,699 | EU | 1,523,857 | 2,230,926 | DFID | 432,075 | 632,558 | NEPAD-IPPF | 1,366,120 | 2,000,000 | <b>TOTAL</b> | <b>7,781,097</b> | <b>11,391,526</b> |  |  |  |  |  |  |
| Source   | Euro   | USD               |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| ADF  | 1,320,573  | 1,933,319         |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| IsDB   | 1,200,000  | 1,756,800         |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| AWF  | 1,272,011  | 1,862,224         |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| NTCF   | 666,461  | 975,699           |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| EU   | 1,523,857  | 2,230,926         |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| DFID   | 432,075  | 632,558           |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| NEPAD-IPPF   | 1,366,120  | 2,000,000         |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |
| <b>TOTAL</b>   | <b>7,781,097</b>   | <b>11,391,526</b> |                                  |   |  |  |      |           |           |     |           |           |      |         |         |    |           |           |      |         |         |            |           |           |              |                  |                   |  |  |  |  |  |  |

\*October 2009 Exchange Rates used; ADF grant balance to MLTSF is UA 1,220,493.

Currency Equivalents (October 2009): 1 UA = 1.082 EUR; 1EUR = 1.464 USD

**Additional useful data for monitoring**

| Estimated indicative relative level of Effort (%) |                         |                      |                                      |
|---|-------------------------|----------------------|--------------------------------------|
| Focal sector 1 (Transport)                        | Focal sector 2 (Energy) | Focal sector 3 (ICT) | Focal sector 4 (Transboundary Water) |
| 32%   | 25%                     | 22%                  | 21%                                  |

# **1 INTRODUCTION**

## **1.1 Background**

- 1.1.1 The African Union Commission (AUC) with the support of NEPAD Secretariat and the African Development Bank have submitted a request to the NEPAD-Infrastructure Project Preparation Facility (IPPF) in July 2009 for financial support towards the cost of undertaking sectors' studies for the Programme for Infrastructure Development in Africa (PIDA). Several initiatives have been carried out to address the problem of infrastructure deficit and to promote regional integration of the continent. One of the first actions initiated is the formulation in 2002 under NEPAD of a Short Term Action Plan (NEPAD – STAP) in area of infrastructure based on on-going programmes of Regional Economic Communities (RECs) and sector organizations. This was followed up by the commissioning by NEPAD of a Medium to Long Term Strategic Framework (MLTSF) study financed by the ADF in 2005 to articulate policies and strategies and outline priorities over the short, medium and long term. At the same time and on parallel basis, the AUC received support from the European Union under the *European Community (EC) - AU Support Programme Contribution Agreement* to launch the Study for development of continental infrastructure policies and master plans. This AU Support Programme Contribution Agreement responded to the AUC mandate and responsibility for coordinating, harmonizing and providing leadership in the continent's economic and social development and physical integration
- 1.1.2 The consultancy services of the NEPAD - MLTSF study under ADF financing was terminated in 2008 due to unacceptable quality of deliverables. The re-launching of the study provided the opportunity for tripartite meetings of the AUC, NEPAD Secretariat and the African Development Bank in February and June 2008 to eliminate the duplication of efforts of these parallel initiatives that have same objectives and outputs. Both programme study initiatives aim at establishment of partnerships geared towards regional and continental infrastructure development in support of promotion of Africa's economic integration and the strengthening of Africa's links with regional and global markets. The tripartite meetings decided to restructure the two programme studies into Programme for Infrastructure Development in Africa with the acronym PIDA. PIDA when delivered will be an African continental and regional vision and strategic framework for planning, coordination and investment for the development of Africa energy, transport, trans-boundary water and ICT continental and regional infrastructures towards the year 2030. It is in this context that the AU 12<sup>th</sup> Assembly of Heads of State and Governments declaration of February 2009 in Addis Ababa Ethiopia resolved to support the development of infrastructure in Africa within the framework of the PIDA and appealed to all development partners to support the implementation of the declaration.
- 1.1.3 The PIDA is to benefit from a plethora of on-going studies among which is the African Infrastructure Country Diagnostic Study (AICD) under execution by the World Bank; which provides the knowledge base for country level infrastructure in Africa. The results of the AICD Study shall be repackaged as Regional Economic Community (REC) level briefs for the PIDA study

consultants in addressing the issue of regional approach to infrastructure provision. Other studies of relevance and which will provide input to PIDA is the AU/NEPAD African Action Plan (AAP) commissioned in 2009 which primarily comprises priority programmes and projects in nine broad sectors of AU/NEPAD with high potential impact for acceleration of regional integration in Africa. In addition PIDA shall benefit as input for the consultant's work from various policy and strategy documents adopted by the AU Specialized institutions, various RECs and multinational and bilateral development partners.

- 1.1.4 The support requested from NEPAD-IPPF will contribute in closing a financing gap in the PIDA Sector Studies component of the PIDA initiative. An advance action for acquisition of consultancy services for this component has been initiated through international competition on the basis of a shortlist of pre-qualified firms using African Development Bank procurement rules. The emerging tender prices have indicated substantial financing gap which need to be closed. Other sources of co-financing for the PIDA studies include the African Development Fund (ADF) grant balance to MLTSF, the African Water Facility (AWF); the Islamic Development Bank (IsDB); the European Union, Department for International Development (DfID) – UK and the Nigeria Technical Cooperation Trust Fund. Details on the financing of the PIDA initiative by components and by sources of financing are provided in Section 3.2 of the report.

## **1.2 Rationale of the Studies**

- 1.2.1 Infrastructure plays a key role in economic growth and poverty reduction. The lack of infrastructure (quantitatively, qualitatively, physically and in terms of services rendered) leads to increased production and transaction costs, which lessens the competitiveness of businesses, and therefore the possibility of implementing economic and social development policies. Furthermore, the business environment will be less conducive, making it less attractive for foreign direct investment. In a nutshell, inadequate infrastructure results in reduced service options and quality available to the population, particularly the most vulnerable segments. The potentials for increasing economic efficiency is even higher for regional infrastructure networks and services through shared production, management and operations as well as through hubs, transport corridors or poles and the economies of scale of such approach to infrastructure provision that will reduce transaction costs, increase productivity of African economies and intra-African trade.
- 1.2.2 The lack of infrastructure in Africa is widely recognized, with a note produced by the ADB and the United Nations Economic Commission for Africa in 2006<sup>1</sup> summing up this deficit as below:
- Access to electricity for 30% of the population compared to rates ranging from 70 to 90% for other major geographical zones of the developing world (Asia, Central America and the Caribbean, Middle-East and Latin America);
  - Trans-boundary water resources constitute approximately 80% of Africa's freshwater resources, yet current levels of water withdrawal are low with 3.8% of water resources developed for water supply, irrigation and

hydropower use, and with only about 18% of the irrigation potential being exploited;

- Access to water and sanitation for 65% and 38% respectively of the population compared to rates of water access rates of 80 to 90% for the other geographical zones;
- A telecommunications penetration rate of about 6% compared to an average of 40% for the other geographical zones, and a very low penetration rate for broadband services;
- A road access rate of 34% compared to 50% for the other geographical zones
- Freight cost equivalent to 10 – 25% of total value of imports in 2007 compared to global average of 5.5% in 2007.

1.2.3 This infrastructure deficit places African countries (particularly those south of the Sahara) among the least competitive in the world. This is due to the weight of infrastructure in the determination of global economic competitiveness. The global competitiveness indices (GCIs), calculated by the World Economic Forum<sup>2</sup>, places Africa as the least competitive region of the developing world, with a GCI for sub-Sahara Africa of 3.29 compared to a GCI of over 4.47 for other developing regions like India and Brazil. The indices were based on basic requirements, efficiency and innovations in the regions assessed. The basic requirements assess the performance of institutions, infrastructure, macro economy, health and primary education in the regions.

1.2.4 PIDA offers a platform for fast tracking socio economic development and integration on the continent as it focuses on regional approach to infrastructure development with its benefit of economies of scale as a key engine for such integration, improved intra African trade and increased participation in the global economy. The PIDA Sector Studies shall among others:

- Develop a vision and sustainable development trajectories and options (models and scenario) for all the infrastructure sectors up to the horizon 2030
- Provide a holistic and common platform for infrastructure development in Africa;
- Rationalise a plethora of different initiatives;
- Help harmonize public, private and development partners intervention in continental and regional infrastructure, and;
- Promote private sector participation in regional approach to infrastructure provision.

### **1.3 Study Goal and Objectives**

1.3.1 PIDA's overall goal is to promote socio economic development and poverty reduction in Africa through improved access to integrated continental/regional infrastructure networks and services. An adequate, cost effective and sustainable continental and regional infrastructure base comparable to other developing region is critical to boost the productive base of African economies; its socio economic development and Africa's improved participation in the global economy.

1.3.2 PIDA Sector Studies articulates three strategic objectives, which are to enable African decision-makers to:

- Establish a vision and a strategic framework for the development of regional and continental infrastructure (Energy, Transport, Information and Communication Technologies (ICT) and Trans-boundary Water Resources) based on a development vision, strategic objectives and sector policies;
- Establish an infrastructure investment programme (short, medium and long term) around priorities established by the RECs; and
- Prepare an implementation strategy and processes including, in particular, a priority action plan.

1.3.3 Thus under PIDA Sector Studies, a number of activities will be conducted with the aim of providing African decision-makers with analytical and decision-making tools for the formulation of strategy, priority infrastructure development programmes, and related implementation strategies and processes including institutional and financing architecture that will address transparent regulatory framework and commercial incentives for private sector .

1.3.4 The Programme covers transport (air, sea, river and lake, lagoon, rail and road), energy (electricity, gas, petroleum products and renewable energy), ICT, and trans-boundary water resources (primarily irrigation, hydropower, and lake and rivers transport), and deals with the regional and continental aspects of these sectors. All national aspects (including, without exception, physical infrastructure, national policies, institutional and regulatory frameworks, technical standards and benchmarks) will only be considered if they have an impact on, or could be affected by, the regional and continental aspects.

1.3.5 The timeframe under consideration is up to 2030, and is phased as follows: 2010-2015 for the short-term and priority action plan, 2016-2020 for the medium-term, and 2021-2030 for the long-term.

#### **1.4 Justification for the use of NEPAD-IPPF**

1.4.1 The PIDA is a comprehensive continent wide activity that will develop a strategic framework and actual regional and continental programmes including soft issues in the Transport, Energy, Trans-boundary Water and ICT Sectors set out in three time horizons short, medium and long term to 2030.

1.4.2 PIDA will address the following problems in its formulation of the Africa's regional and continental infrastructure programmes in the four sectors of Transport , Energy, Trans-boundary Water resources and ICT:

- i. *Incomplete Information:* on the regional and continental infrastructure deficit and its impacts. The considerable work done by the World Bank under the 'Africa Infrastructure Country Diagnostic' (AICD) project covers a significant part of this information gap and PIDA will rely to the maximum extent on the AICD outputs and other data sources; particularly; Economic and Sector Works already available at the level of the RECs.

PIDA as a strategic undertaking will base its analysis, recommendations and conclusions on solid information grounds, and only engage in further data collection to the extent that it is necessary to fill gaps for achieving its strategic purpose.

- ii. *Inadequate Causal Analysis*: for the delay in the development of regional and continental infrastructure in Africa. Many of the causes are known from previous studies, and further studies are underway that will enrich this information. Beyond the listing of the causes, it is necessary to undertake a causal analysis based on a rigorous methodology that makes it possible to determine the causal links between the instruments and (political and investment) measures taken, the impacts and outcomes obtained, and their contribution to the non achievement of the objectives targeted. This causal analysis will assist in achieving both a more realistic prioritisation of investment programmes and projects, and in designing a more effective implementation strategy and processes.
- iii. *Lack of politically accepted and technically justified priorities*: for medium and long-term regional and continental infrastructure. This appears in all the resolutions and statements of African decision-makers, and it echoes the view expressed by the community of Africa's development partners. PIDA will use an extensively consultative and participative process in developing the strategic framework for regional and continental infrastructure development in Africa, on the basis of which programmes and projects can be prioritised in a consensual manner.
- iv. *Poor implementation*: of infrastructure development in Africa. Reviews on the implementation of the NEPAD Short Term Action Plan (STAP) highlight the slow pace and weaknesses in the implementation of the STAP projects. The reviews also analyzed the reasons. It is important to utilise these analyses and to give preference to political convergence, consensus and ownership of undisputed priority measures and projects further upstream. It is also necessary to determine the resource mobilization, incentives and monitoring mechanisms and processes, which increase the likelihood of more efficient implementation. Improving implementation is therefore another major challenge that PIDA will address.
- v. *Regulatory Frameworks and Incentives*: The lack of transparent regulatory frameworks and commercial incentives for private sector participation and other soft issues will be addressed under the programme in order to have a functioning and cost effective infrastructure base to support Africa's socio economic transformation.

1.4.3 The objectives of the NEPAD-IPPF are clearly stated in its standard documents as being *“to assist African countries, Regional economic communities (RECs), specialized agencies and related institutions, through grant resources, in: (i) preparing high quality and viable regional/continental infrastructure projects to be ready to solicit financing from public and private sources, (ii) developing a consensus and partnership for projects implementation (iii) promoting infrastructure projects and programme, which would promote regional integration and trade.”* In addition the Facility was set

up to support regional infrastructure development in the following sectors: transport, energy, ICT, water resources management.

- 1.4.4 The PIDA responds in all respects to the mandate of the NEPAD-IPPF as demonstrated in its objectives and scope thereby justifying use of resources from the Facility. Considering the importance of the programme in advancing regional and continental integration, socio and economic development of Africa and its competitiveness in the global economy, it is important that the IPPF plays a significant part in its realization. It will also assist the NEPAD-IPPF to finance project preparation activities within a strategic framework endorsed by all stakeholders and development partners.
- 1.4.5 The PIDA Initiative requires a total amount of USD 11,391,527 (EUR 7,781,097). The Sector studies component require a total amount of USD 7,552,343 (Euro 5,158,704), which will be co-financed jointly by the African Development Fund (ADF), the African Water Facility (AWF), the Islamic Development Bank (IsDB), and the NEPAD-IPPF. Further Details on this are provided under Section 3 of this PIM.

## **2. DESCRIPTION OF THE STUDIES**

### **2.1 Design and Concept of Studies**

- 2.1.1 PIDA has been designed to ensure the fullest participation of RECs as key stakeholders working closely with their member states and African Union (AU) specialized institutions/sector organizations. RECs are the lynchpins in implementation of the PIDA Study outputs. For the purposes of the study RECs are grouped into five geographic regions as below:

| <b>Region</b>   | <b>REC</b>              |
|-----------------|-------------------------|
| North Africa    | UMA, CEN-SAD            |
| West Africa     | ECOWAS (WAEMU), CEN-SAD |
| Central Africa  | ECCAS (CEMAC)           |
| East Africa     | COMESA, EAC, IGAD       |
| Southern Africa | COMESA, SADC            |

- 2.1.2 The Consultant's work is to develop their findings in a consultative and participative manner with stakeholders. While the work programme will be carried out on a sectoral basis, there are common issues and themes that cut across sectors that will need to be addressed at a cross sectoral level. It is also known that the efficacy of the physical integration of regional infrastructure networks ultimately depends on harmonization of regulatory frameworks; institutional and administrative procedures so that services and goods are traded smoothly across frontiers. The consultant shall in addition situate his work on agreed concepts of regionalism, regional integration, regional cooperation and economic integration and clarity on the concept of subsidiarity drawing on success stories from other regions of the world.
- 2.1.3 The main stakeholders of the study are the following: the African Heads of States who need to boost economic and social development in the continent through shared strategic vision of regional economic integration; the sponsors

of PIDA (the AUC; NEPAD and the ADB); the AU specialized institutions/sector organizations with the mission of giving advice on policy formulation, strategy and programming; the RECs that want to have implementable regional projects and programmes that will secure buy in from their partner member countries and contribute to socio-economic development of the region and development partners for their strategy and programmatic engagement with the continent.

#### 2.1.4 The main components of PIDA Studies are:

- i. *The sector consultancy studies* ('the study') which are the subject of funding request under this PIM and with Terms of Reference (ToR) attached hereto. The term 'Consultant' for these studies refers to the consortium of sector specialised firms associating to be contracted by the Bank (as the Executing Agency for PIDA) for the execution of the study. These studies are to be undertaken over an eighteen month duration with various outputs including models and scenarios that will guide the strategic choices for choosing the most sustainable, cost effective trajectories for development of the various sectors over the short medium and long term and based on a common vision resulting from consultative/validation workshops at regional and sector levels.
- ii. *Panel of experts*: In addition to the Consultants, PIDA will engage high level experts to assist in developing a vision for the development of regional and continental infrastructure in Africa, and in the identification of key issues in each sector. The aim of this Panel is to supplement and complement the work of the Consultants by providing input to a vision and high level strategic framework for PIDA. The Panel will also provide high level peer review of the Consultant's outputs at key points in the study to strengthen quality control, and help identify any essential issues that might have been overlooked or be a source of contention.
- iii. *A database*, to support the implementation and monitoring processes. This database will be developed as an exercise distinct from the sector studies. Its objective will be to provide the parties involved in the implementation and monitoring of PIDA with a set of reference data regarding PIDA's design, content and recommendations and for tracking progress over time in the implementation of the PIDA initiative.
- iv. *An Audit*. This audit is a standard requirement for any operation carried out by the Bank, and will involve the preparation of an audit of expenditure by an independent audit firm.

#### 2.1.5 The sector studies are organized into four phases as follows:

- i. *Phase I: Diagnosis and Analysis*, which will:
  - assess regional and continental policies, as well as institutional arrangements, soft issues, capacity building and physical infrastructure programmes;
  - Develop outlooks for the future and analyze the key challenges, based on the projected requirements.

- ii. *Phase II: Formulation of draft strategic framework including sector policies, infrastructure development programme, and implementation strategy and processes.* These draft outputs will be developed by the sector study consultants in a consultative manner through a series of workshops with key stakeholders including AU specialized sector institutions; Regional Economic Communities in consultation with their constituent member states (particularly at regional level).
- iii. *Phase III: Summary and Recommendations:* the finalisation of the strategic framework, infrastructure development programme, and implementation strategy and processes, shall be undertaken again in a consultative manner. The main purpose of this phase is to strengthen consensus and ownership of the outputs of the study to help ensure subsequent successful implementation.
- iv. *Phase IV: Adoption* of the outputs by the appropriate policy structures, in accordance with the existing procedures of the African Union and NEPAD.

2.1.6 The PIDA study process will be intensively participatory, and the consultant will facilitate a consultative process involving the AUC, NEPAD Secretariat, RECs, AU Specialized institutions, and development partners to foster ownership and commitment to global partnership to ownership of and commitment to implement the various measures and programmes of the PIDA initiative. In this context the consultant will undertake large moderated E-dialogue with stakeholders on challenges and outlook on infrastructure sectors and the PIDA approach.

## **2.2 Outputs from PIDA Sector Studies**

2.2.1 The main (global) outputs out of the PIDA Sector Studies will be:

- i. *An integrated and holistic vision* and with strategic goals and targets. These will include development trajectories based on models and scenarii;
- ii. *A strategic framework for development of regional and continental infrastructure* - in the four sectors (Energy, Transport, Information and Communication Technologies (ICT), and Trans-boundary Water Resources), based on the development vision for Africa, strategic objectives and sector policies;
- iii. *An infrastructure development programme* - over a time horizon up to 2030, but presented in three timelines (short, medium and long term), using the strategic framework/sector policies, and;
- iv. *An implementation strategy and processes* - including in particular a priority action plan.

2.2.2 However, as the studies are to be implemented in four phases as described in 2.1.2 above, each of those phases will have specific outputs or deliverables, comprising briefs, reports and workshops. These are described in greater detail in the ToR in Annex 2.

### **3. COST AND FINANCING OF THE STUDIES**

#### **3.1 Cost of the PIDA Studies**

3.1.1 The overall summary budget estimate for undertaking the PIDA initiative is USD 11,391,527 (Euro 7,781,097) to cover the sector studies and other components as shown in the Table 3.1 below. The costs are based on the current market estimates for similar studies and emerging tender prices offered by the consortia of firms for the PIDA sector studies. The costs are inclusive of a 5% contingency provision. The detailed estimates for all components of PIDA are as shown in Annex 3.

Table 3.1 – Summary of Overall Cost Estimate

| <b>Component</b>                         | <b>Amount<br/>Euro</b> | <b>in</b> | <b>Amount<br/>USD</b> | <b>in</b> |
|--|------------------------|-----------|-----------------------|-----------|
| PIDA Sector Studies                      | 5,158,704              |           | 7,552,343             |           |
| Workshops (validation, sector, regional) | 780,000                |           | 1,141,920             |           |
| Panel of Experts                         | 432,075                |           | 632,558               |           |
| Database                                 | 300,000                |           | 439,200               |           |
| AUC Project Management Team              | 660,870                |           | 967,514               |           |
| Technical/Steering Committee Meetings    | 328,448                |           | 480,848               |           |
| Audit Services                           | 25,000                 |           | 36,600                |           |
| Editing and Translation                  | 96,000                 |           | 140,544               |           |
| <b>TOTAL</b>                             | <b>7,781,097</b>       |           | <b>11,391,527</b>     |           |

#### **3.2 Financing Plan**

3.2.1 The PIDA as a whole will be financed from several sources as shown in the Table 3.2 below. The other partners providing resources towards the cost of the PIDA Studies Initiative include the African Development Fund (ADF) with UA 1,220,493 which is equivalent to USD 1, 933,319 (17.0%), the African Water Facility (AWF) with USD 1,862,224 (16.3%), and the Islamic Development Bank (IsDB) with USD 1,756,800 (15.4%).

3.2.2 Of the four co-financiers for the Sector Studies component, only AWF shall support wholly one specific sector which is the trans-boundary water sector level of efforts, and its related overheads, cross cutting and miscellaneous costs. This is in accordance with the AWF mandate and area of focus. Therefore the trans-boundary water component shall be fully financed from AWF resources. For NEPAD-IPPF as well as the other co-financiers who have no sector bias; their resources shall finance all other sectors' activities, i.e., transport, energy and ICT level of experts and related overhead, cross cutting and miscellaneous costs.

3.2.3 The funding from the ADF, DfID-UK, NTCF and EU are already secured, while funding request to the AWF and IsDB are going through their respective internal processes and to be concluded for approval latest by end December 2009. The Sector Studies component will be co-financed on joint basis by the ADF, AWF,

NEPAD-IPPF and the IsDB. The evidence that the other co-financiers of PIDA Sector Studies component have approved or confirmed their support shall be a condition for first disbursement of the NEPAD-IPPF grant.

**Table 3.2:PIDA Financing Sources by Component/ Categories of Expenditure.  
(USD million)**

| <u>Components/<br/>Categories of<br/>Expenditure</u>                  | <u>ADF</u>     | <u>NEPAD<br/>IPPF</u> | <u>AWF</u>     | <u>IsDB</u>    | <u>EU</u>      | <u>DFID-<br/>UK</u> | <u>NTCF</u>    | <u>TOTAL</u>   |
|---|----------------|-----------------------|----------------|----------------|----------------|---------------------|----------------|----------------|
| <b>1. <u>Consulting<br/>Services</u></b>                              | <b>(1.933)</b> | <b>(2.000)</b>        | <b>(1.862)</b> | <b>(1.757)</b> | <b>(0.476)</b> | <b>(0.633)</b>      |                | <b>(8.661)</b> |
| 1.1 Sector Studies  | 1.933          | 2.000                 | 1.862          | 1.757          |                |                     |                | 7.552          |
| 1.2 Infrastructure Data<br>Base                                       |                |                       |                |                | 0.439          |                     |                | 0.439          |
| 1.3 Panel of Experts  |                |                       |                |                |                | 0.633               |                | 0.633          |
| 1.4 Project Audit   |                |                       |                |                | 0.037          |                     |                | 0.037          |
| <b>2. <u>Workshops &amp;<br/>Meetings &amp;<br/>Miscellaneous</u></b> |                |                       |                |                | <b>(1.755)</b> |                     | <b>(0.976)</b> | <b>(2.731)</b> |
| 2.1 Workshops   |                |                       |                |                | 0.166          |                     | 0.976          | 1.142          |
| 2.2 Mgt/Tech/Steering<br>C'tte Meetings                               |                |                       |                |                | 1.448          |                     |                | 1.448          |
| 2.3 Editing/Translation   |                |                       |                |                | 0.141          |                     |                | 0.141          |
| <b>TOTAL</b>  | <b>1.933</b>   | <b>2.000</b>          | <b>1.862</b>   | <b>1.757</b>   | <b>2.231</b>   | <b>0.633</b>        | <b>0.976</b>   | <b>11.392</b>  |
| %   | 17.0           | 17.6                  | 16.3           | 15.4           | 19.6           | 5.6                 | 8.6            | 100.0          |

3.2.4 The NEPAD-IPPF shall co-finance on joint basis the component on the Sector Studies with an amount of USD 2,000,000 (EURO 1,366,120). NEPAD IPPF share of co-financing of the Sector Studies component is 26.48%. Other co-financiers of the component are the ADF with USD 1.933 million (25.60%), the IsDB with USD 1.757 million (23.26%) and the AWF with USD 1.862 million (24.66%) as indicated in Table 3.3 below. The evidence that other co-financiers of the PIDA Sector Studies have approved or confirmed their support will be made a condition precedent to first disbursement of the NEPAD-IPPF grant resources.

**Table 3.3 – PIDA Sector Studies Financing Sources**

| <b>Component</b>    | <b>Amount in USD</b> | <b>Financiers</b>               | <b>%</b> |
|---------------------|----------------------|---------------------------------|----------|
| PIDA Sector Studies | 1,933,319            | African Development Fund (ADF)  | 25.60    |
|                     | 1,756,800            | Islamic Development Bank (IsDB) | 23.26    |
|                     | 1,862,224            | African Water Facility (AWF)    | 24.66    |
|                     | 2,000,000            | NEPAD-IPPF                      | 26.48    |
| <b>TOTAL</b>        | <b>7,552,343</b>     |                                 | 100.00   |

3.2.3 The component, - Workshops (Start off, Validation, Sector and RECs) and consultative meetings (Management, Technical and Steering Committees) will be monitored by the Bank and financed by NTCF and the EU grant resources respectively with an amount of USD 0.976 million and USD 1.755 million.

3.2.4 The expenditure schedules by source of financing is given for the PIDA Studies and associated stake holder consultative process is in Table 3.4 below

Table 3.4 – Expenditure Schedule by Source of Financing (USD million)

| <b>Source</b> | <b>2010</b> | <b>2011</b> | <b>TOTAL</b> | <b>%</b> |
|---------------|-------------|-------------|--------------|----------|
| ADF           | 1.643       | 0.290       | 1.933        | 17.0     |
| NEPAD - IPPF  | 1.700       | 0.300       | 2.000        | 17.6     |
| AWF           | 1.582       | 0.280       | 1.862        | 16.3     |
| IsDB          | 1.493       | 0.264       | 1.757        | 15.4     |
| AU (EU)       | 1.896       | 0.335       | 2.231        | 19.6     |
| NTCF          | 0.829       | 0.147       | 0.976        | 8.6      |
| DfID-UK       | 0.538       | 0.095       | 0.633        | 5.6      |
| Total         | 9.681       | 1.711       | 11.392       | 100.00   |

#### **4. AID CO-ORDINATION**

4.1 The Bank has coordinated at each stage with donors and other stake holders. The PIDA ToRs were discussed and agreed to at the level of Steering Committee of PIDA and further subjected to institutional peer review of development partners and in particular, the World Bank, the European Union and DfID-UK. Also the Bank had several consultative meetings with all donors financing the PIDA initiative and made presentations to various fora of donors including the ICA partners.. During the course of the study development partners will be invited to comment upon the output of each phase of the Study and on the draft final reports. In addition development partners are invited on the Technical Committee and have observer status on the Steering Committees to ensure that their inputs are coordinated and fed into the work of the consultants.

## 5 PROCUREMENT

5.1 **Procurement Arrangements** for the various components under the PIDA Initiative are summarized in Table 5.1.below.

**Table 5.1: Summary of Procurement Arrangements (USD million)**

| Project Categories  | ICB | Other*       | Shortlist                      | Total                           |
|---|-----|--------------|--------------------------------|---------------------------------|
| <b>1. Consulting Services</b>                             |     |              |                                |                                 |
| 1.1. Sector Studies                                       |     |              | 7.552                          | 7.552 {2.000}                   |
| 1.2. Infrastructure Data Base                             |     |              | {2.000}                        | 0.300                           |
|   |     |              | 0.300                          | 0.633                           |
| 1.3. Panel of Experts                                     |     |              | 0.633                          | 0.037                           |
| 1.4. Project Audit  |     |              | 0.037                          |                                 |
| <b>2.. Workshops/Meetings &amp; Miscellaneous</b>         |     |              |                                |                                 |
| 1.1 Workshops (Kick off, Validation, Sector and Regional) |     | 1.142        |                                | 1.142                           |
| 1.2 Management/Technical & Steering Committee Meetings    |     | 1.448        |                                | 1.448                           |
| 1.3 Editing/Translation                                   |     | 0.141        |                                | 0.141                           |
| <b>Total</b>  |     | <b>2.731</b> | <b>8.522</b><br><b>{2.000}</b> | <b>11.392</b><br><b>{2.000}</b> |

{ } Figures in bracket are amounts financed by NEPAD-IPPF. \*Workshops, Management/Technical and Steering Committee Meetings & miscellaneous printing, editing and translation costs

5.2 **Sector Studies:** The acquisition of consultancy services for the PIDA Sector Studies component has been initiated in accordance with the African Development Bank's Rules of Procedure for the Use of Consultants using the relevant Bank Standard Bidding Documents. On termination of the consultancy services for the original MLTSF study, the African Development Bank (AfDB) as executing agency after consultation with AUC/NEPAD Secretariat re-launched the procurement actions for the reformulated and restructured PIDA Sector Studies. The procurement procedure involved the establishment of a shortlist of of seven consortia of sector specialized firms through pre-qualification process in line Bank's Rules with the selection procedure based on quality based selection (QBS) process, as the downstream impact of the assignment is so large and being a multi disciplinary strategic study, quality is the key element in the choice of the consortium to be selected to undertake the services. Selection of the successful firm has been completed and approved by the Bank's Purchasing Committee. Contract negotiations were held in the third week of December 2009 and the contract is due for award and signing at the end of January 2010, with commencement expected a month later. All the documents and stages of the approval process were reviewed and found to be in conformity with the Rules of Procedure for the Use of Consultants by the Bank; which are also the applicable Rules of Procedure for the NEPAD-IPPF.

**5.3 Audit Services:** The audit services will be procured through short list procedure utilizing the least cost for comparable services selection process in line with EU-AU agreed Procurement Rules.

**5.4 African Infrastructure Data Base Consultancy:** The services will be procured through shortlist procedures utilizing the quality and cost-based selection (QCBS) process in line with EU-AU agreed Procurement Rules

**5.5 Panel of Experts:** The members of the panel will be procured on the basis of establishment of a short list of a maximum of three experts for each sector and evaluation of the pool of curriculum vitae to select the best in each specific sector to serve on the panel. Engagement of the members of the panel is almost complete with the lead already identified and accepted by all parties, and the evaluation of CVs for the sector experts also completed.

**5.6 Miscellaneous Expenses;** such as Workshops, Meetings, hotel accommodation etc, will be carried out using the existing administrative and/or accounting procedures of the Bank or as per the financing agreement of the financier.

## **6. IMPLEMENTATION OF THE STUDIES**

### **6.1 Organisation and Management of the Studies**

6.1.1 A PIDA Study joint working group (with members from the AUC, NEPAD Secretariat and AfDB) was established in February 2008. The Bank was designated as the Study Executing Agency and to host the Project Management Team. In this role, the Bank has responsibility for all contractual, financial and administrative management of PIDA, including procurement. The Bank is at same time the legal trustee of the NEPAD – IPPF. In this dual role, the African Development Bank will ensure that its executive agency role for PIDA will be clearly distinguished from its supervisory role for NEPAD – IPPF.

6.1.2 The governance structure of the PIDA programme is based on a participatory approach and involves, in particular, the AU Commission, the NEPAD Secretariat and the African Development Bank, who are jointly the programme sponsors. The structure adopted for management, and monitoring and steering of the study is shown in the diagram below and it involves a Steering Committee, a Technical Committee and the Executing Agency, within which is housed the Project Management Team. This will be supported by a Bank wide Inter-Departmental Oversight Committee to provide guidance on policy and operational implications on the Bank and the two facilities (AWF and NEPAD –IPPF) hosted by the Bank.

6.1.3 *The Steering Committee* is the Programme orientation and ultimate approval organ. It gives guidelines and determines the orientation to follow. Under the chairmanship of the AUC, the Committee also comprises representatives of the ADB, NEPAD Secretariat, RECs and the Economic Commission for Africa (ECA). Other stakeholders, such as development partners, shall be invited as observers. Secretariat services for the Steering Committee will be provided by the Programme management team. Upon completion of the Studies, the conclusions of the and

recommendation of the Study will be approved by the Steering Committee and will be submitted to the African Union and NEPAD authorities for endorsement and adoption (Phase IV).

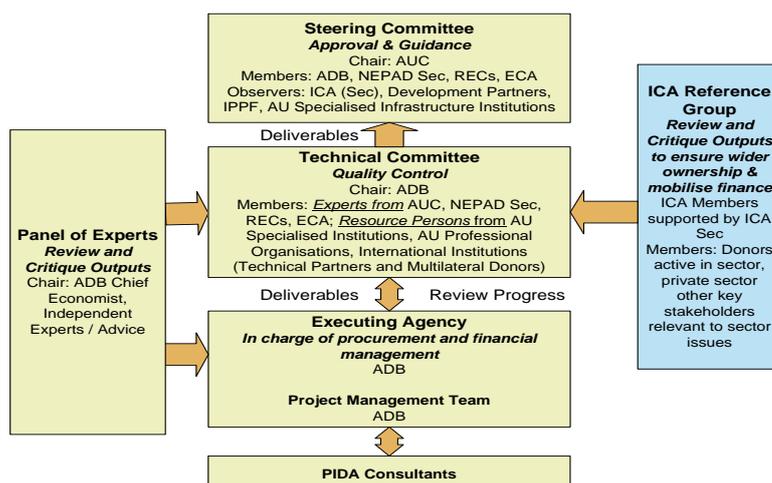
6.1.4 *The Technical Committee* is a quality control organ. It comprises experts from the AUC, NEPAD Secretariat, ADB, ECA, RECs and resource persons from the specialized regional and international institutions and development partners. This Committee will work under the chairmanship of the ADB as a technical group, and will also be responsible for preparing the meetings of the Steering Committee. Evidence that the Steering and Technical Committees have been constituted will be made a condition precedent to the first disbursement of the NEPAD-IPPF grant resources.

6.1.5 *Panel of Experts* is a technical advisory panel for the strategic direction of the study and to be chaired by the Chief Economist of the ADB. They will also review key draft outputs of the study and their comments taken into account as necessary to improve quality of delivery of study outputs

6.1.6 *The Executing Agency* is the ADB, and is the institution responsible for the contractual, financial and administrative management of PIDA. It is responsible in particular, for procurement procedures, in conformity with its existing regulations, budget management and disbursements and preparation of the Quarterly Progress Reports to financiers and programme owners.

6.1.7 *The Programme management team* is constituted with the ADB as the Executing Agency. The NEPAD Division Manager of the NEPAD, Regional Integration and Trade Department of ADB shall head the Project Management Team, which will undertake technical and administrative management of the Programme. Other members of the project management team shall comprise of a programme co-ordinator and four sector experts appointed by the ADB and counterpart sector experts appointed by the AUC/NEPAD Secretariat, a procurement officer assisted by support staff for the day-to-day management of the Study. The NEPAD Division Manager of the ADB shall serve as a contact point for the Consultants during the Study execution and will co-ordinate all study execution issues with the programme sponsors.

## Figure 1 – PIDA Governance Structure



## 6.2 Implementation Schedule

6.2.1 Table 4.1 below shows some key procurement actions that have been undertaken, and constituting advance actions for acquisition of consultancy services for the NEPAD – IPPF, AWF, and IsDB that are co-financing the component on joint basis with the ADF. All documentation in this respect of AAA and stages of selection process were reviewed and found to be in line with ADB Rules and found acceptable to the NEPAD-IPPF. The Procurement & Study Implementation schedule is shown in Table 4.1 below and in the Gantt chart on detailed schedule in Annex 5 to the PIM.

Table 4.1 – Procurement & Sector Studies Implementation schedule

| <u>Activity</u>  | <u>Timing</u> | <u>Status</u> |
|--|---------------|---------------|
| ◆ Issue of GPN   | July 2008     | Completed     |
| ◆ Invitation for Prequalification                          | October 2008  | Completed     |
| ◆ Evaluation of Prequal. submissions                       | February 2009 | Completed     |
| ◆ Issue of RFP   | April 2009    | Completed     |
| ◆ Submission of Proposals                                  | June 2009     | Completed     |
| ◆ Evaluation /Submission of of Proposals Evaluation Report | August 2009   | Completed     |
| ◆ Approval of Proposals Evaluation Report                  | November 2009 | Completed     |
| ◆ Contract Negotiation                                     | December 2009 | Completed     |
| ◆ Award & signing of Contract                              | January 2010  | Not done yet  |
| ◆ Study Commencement                                       | February 2010 | Not started   |
| ◆ Submission of Final Reports                              | July 2011     | Not started   |

6.2.1 Implementation of PIDA Sector studies is scheduled to be undertaken over an eighteen (18) month period from award of the contract, estimated for end January

2010. Pre-contract activities were commenced in July 2008 with publication of the General Procurement Notice (GPN) in the United Nations Development Business (UNDB). The procurement process is expected to be completed in December 2009 with negotiations and contract signature planned for the end of January 2010. The commencement of the PIDA Sector Studies is expected in February 2010 and completion over an 18 month period ending July 2011. The PIDA Sector Studies Gantt chart is in Annex 5 to the PIM.

### **6.3 Disbursements**

6.3.1 The Grant application has come from one of the Programme Sponsors AUC; the Grant recipient shall be the African Union Commission.

6.3.2 The Programme Sponsors have designated the Bank as Executing Agency for the Programme. The grant resources will be disbursed using the direct payment method into the project accounts opened by the African Development Bank, preferably in one tranche. Except for the resources coming from the Islamic Development Bank and the EC, for which special accounts shall be opened, the remainder of co-financiers shall undertake Direct Payments for invoices covering components supported. Payment from the proceeds of the grant will be made for eligible payments under the contract; and effected promptly upon certification and verification. Appropriate records shall be kept such that expenditures of the grant contribution of each of the financiers of the Sector Studies component can be independently verified.

6.3.3 The Executing Agency shall make a request for disbursement to the Facility once the contract for consultancy services is signed. Evidence of signature of contract will be made a condition precedent to first disbursement of the grant.

### **6.4 Supervision and Monitoring**

6.4.1 The Bank as the Executing agency for the Study has constituted a Project Management Team whose roles, responsibilities and reporting lines are described under 5.1 above. The Project Management team shall be responsible for the day to day supervision of the consultancy services and for liaising with the consultants to ensure timely production and delivery of the outputs. The Project Management Team shall regularly provide the Programme owners and financiers with Quarterly Progress Reports for the PIDA component by component and covering all project activities.

6.4.2 The project Technical Committee will ensure the quality of reports/outputs delivered by the Consultants. These will at various stages of the assignment be reviewed and validated by stakeholder at planned regional and sector workshops. These workshops will ensure that the outputs presented are acceptable before proceeding with the next steps.

6.4.3 Additionally, the PIDA Programme has built in a team of five independent Experts – Panel of Experts who will assist in reviewing the vision for the socio economic developments, contribute to strategic direction of the study as a technical advisory panel as well as identification of key issues in each sector. The Panel will also provide high level peer review of the consultants' outputs at key points in their

assignment to help identify any essential issues that might have been overlooked or be a source of contention.

## **7 CONCLUSIONS AND RECOMMENDATIONS**

### **7.1 Conclusions**

7.1.1 The PIDA is a fundamentally important programme for the development of infrastructure on the African Continent. This is confirmed by endorsement of the programme by the 12<sup>th</sup> Assembly of Heads of State and Government of the African Union in February 2009.

7.1.1 The PIDA will bring together or merge the various regional and continental infrastructure initiatives, such as the NEPAD Short Term Action Plan, the AU initiatives and the various REC level initiatives into one coherent programme for the entire continent, covering all the four key sectors of Transport, Energy, Trans-boundary Water and ICT. This will be developed on the basis of a common vision for the continent's socio- economic development and in line with a strategic framework and sector policies developed under the studies.

7.1.2 PIDA will develop an infrastructure investment programme (short, medium and long term) to be built around priorities established by the RECs and shall include an implementation strategy and processes, including a priority action plan. These shall form the basis of a continental infrastructure development agenda developed through consensus and with the buy in of all stakeholders. Future interaction with Africa's development partners willing to support regional and continental infrastructure shall be guided by the PIDA.

7.1.3 PIDA outputs will also be used by development partners intervening in the infrastructure sectors in Africa as effective inputs for the strategic and programmatic engagement with RECs and their national governments

7.1.4 PIDA outputs will enable the NEPAD-IPPF to develop a more robust pipeline of projects based on a strategic framework and long term vision for the development of the infrastructure sectors.

### **7.2 Recommendation**

7.2.1 It is recommended that the NEPAD-IPPF extends a Grant of USD2, 000,000 to the African Union Commission (AUC) as requested, to be utilised in co-financing the implementation of PIDA Sector Studies.

7.2.2 The obligation of the NEPAD-IPPF to make the first disbursement of the Grant shall be conditional upon fulfillment of the following conditions by the Recipient, namely, the Recipient shall have submitted evidence satisfactory to the Facility that.

- The Consultancy Contract with the Consortium selected to undertake the Sector Studies has been signed;
- Other co-financiers of PIDA Sector Studies have approved or confirmed their support.

- The Steering and Technical Committees for PIDA have been constituted.