
Africa Strategic Infrastructure Initiative

Oxford Infrastructure Conference

2 July 2015

A large, faint, abstract graphic in the background consisting of overlapping, curved lines and dots, resembling a network or a stylized map of infrastructure.

Context: PIDA as 'mega plan' for Africa and starting point of ASII

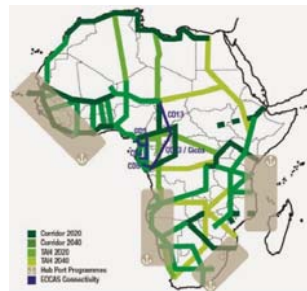
Problem: Infrastructure deficit in Africa limiting economic growth and prosperity

Severe infrastructure gap in Africa

- Infra gap costing the continent ~ 2% GDP growth p.a.
- Significant economic and population growth by 2040
- Low Inter regional trade; only about 10 to 12 per cent of African trade takes place among African countries

PIDA created as a mega plan to address issue

- Continent-wide, aligned platform for priority regional infrastructure programs to be realized by 2040
- Four key sectors: Energy, Transportation, Water, ICT
- Priority Action Plan (PAP): Subset of 51 infra programs to be implemented by 2020, with > \$US 67B of capex



African Strategic Infrastructure Initiative: Accelerate PIDA with Private Partnerships



Core Public Partners

- African Union Commission (AUC)
- NEPAD Agency
- African Development Bank (AfDB) as core partners for ASII of the World Economic Forum
- Development Bank of Southern Africa and General Electric Africa acts as Co-Chairs to the initiative

Business Working Group for private sector input (40+ companies, experts, and DFIs)

The Business Working Group: A Critical Success Factor, members as of May 2015

Businesses	Infrastructure/Mobility	Energy	Chemicals
	<ul style="list-style-type: none"> — Acciona — Agility Africa — Arup — A.P. Møller-Maersk AS — Construction Products Holding Company (CPC) — International Container Terminal Services Inc — SNC-Lavalin — Transnet — Overseas Infrastructure Alliance (OIA) 	<ul style="list-style-type: none"> — ABB — Eskom — General Electric (GE) — Oando Plc — Sasol Limited 	<ul style="list-style-type: none"> — United Phosphorus Ltd
Multilateral Organizations, Development Banks and Experts	Mining & Metals	Investors & Fin. services	Other
	<ul style="list-style-type: none"> — African Rainbow Minerals Ltd — ArcelorMittal 	<ul style="list-style-type: none"> — Absa Capital — Dev. Bank of Southern Africa — First Bank Nigeria — HSBC — Investec Asset Management — Old Mutual — Prudential Plc — Standard Chartered — Standard Bank — UBS 	<ul style="list-style-type: none"> — Philips — Diageo Plc — Etisalat Group — BT — Yara — Flour Mills of Nigeria — Telkom SA — Orrick — IDC of S. Africa — SAP
	DFI's and institutions	Experts	
	<ul style="list-style-type: none"> — African Union Commission — African Development Bank (Incl. ICA) — IFC — NEPAD Planning & Coordinating Agency — World Bank 	<ul style="list-style-type: none"> — Harith Partners — NEPAD Business Foundation — Strategic Infrastructure Foundation — The Boston Consulting Group (BCG) — The Office of Gordon & Sarah Brown 	

Knowledge contributions served as foundation for acceleration of a PIDA pilot

Knowledge contribution: Three key reports developed

On-the-ground impact: One pilot accelerated

Replicable Project Acceleration with Public- Private collaboration

Enablement and Capacity Building

Project prioritization 2012/2013

- A business approach to project acceleration: PIDA prioritisation



Transnational Project Mgmt. 2013/2014

- Managing Transnational Infrastructure Programmes in Africa – Challenges and Best Practices

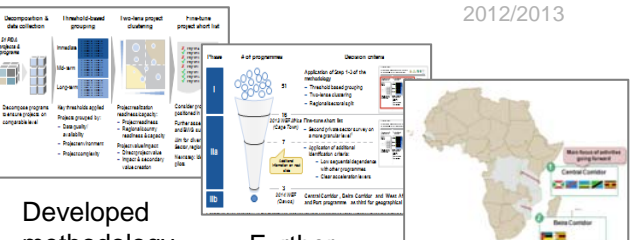


Early Stage Project Finance 2014/2015

- A Principled Approach to Infrastructure Project Preparation Facilities

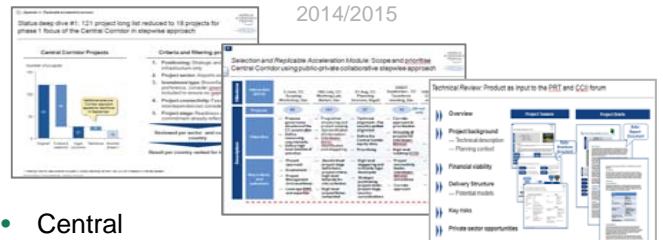


Pilot selection from 51 PIDA programs 2012/2013



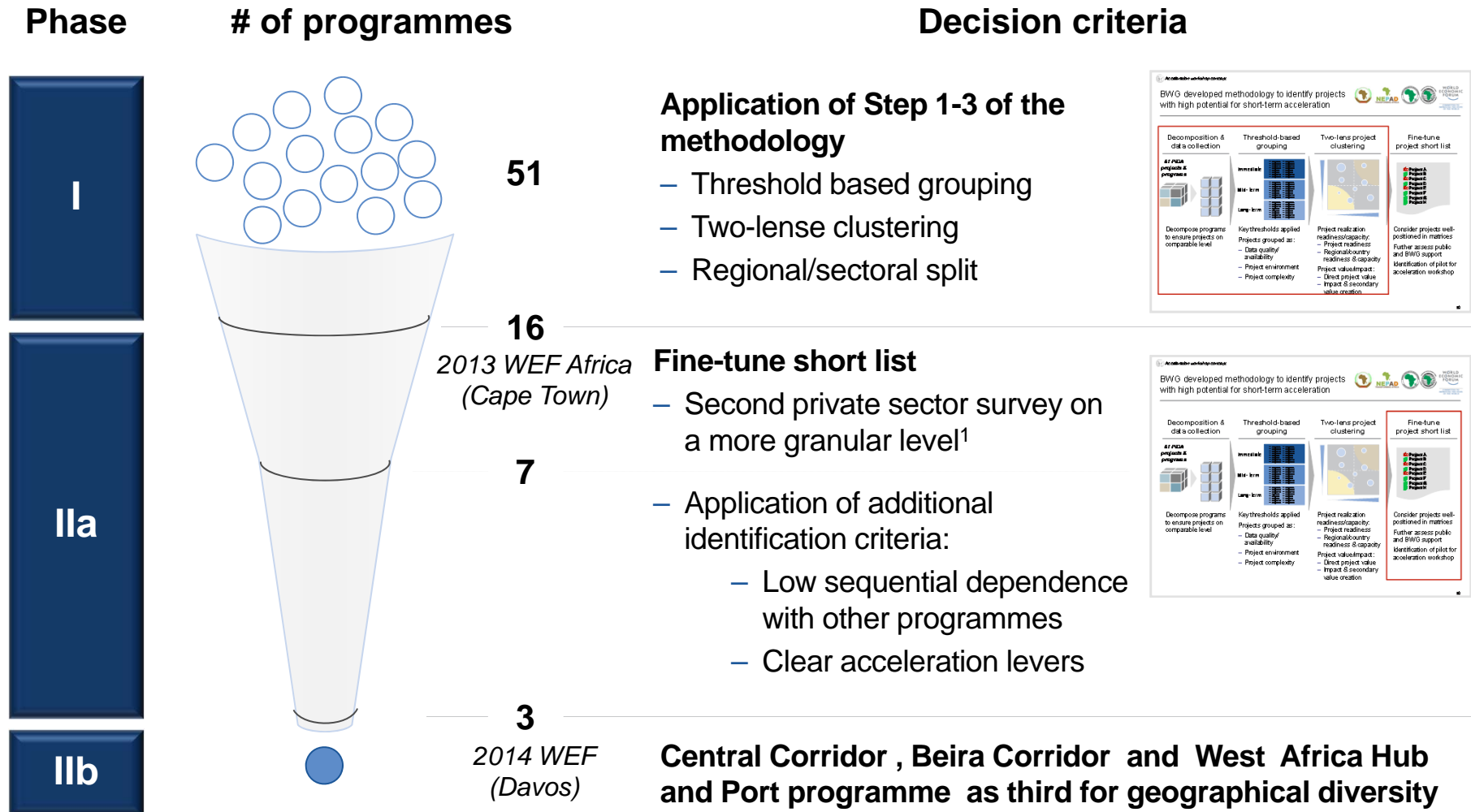
- Developed methodology to identify projects of PIDA with high potential for acceleration
- Further assessed Public and BWG support
- Central corridor shortlisted for pilot acceleration

Pilot acceleration 2014/2015




- Central Corridor reviewed into its 'sum of parts', multi stakeholder sessions as foundation
- Central Corridor underwent intensive timeline with scoping and prioritisation
- Mobilised technical support and delivered technical report on 23 prioritized projects

Selection of a pilot project: Followed the well defined methodology with 3 shortlisted for consideration in January 2014



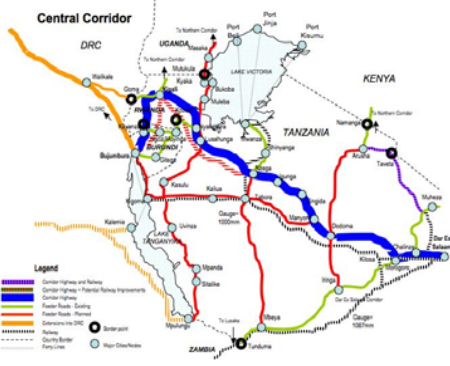
1. BWG Private Sector Interest Survey July 2013; Programmes are classified as 'high private sector interest' if at least two companies expressed their willingness to play a core role in the acceleration of the specific programme and at least two companies indicated to play a supporting role.

3 programmes shortlisted from the 51: Central Corridor served as the first pilot




Central Corridor

- Modernise the third priority ARTIN corridor in East Africa
- Rail, Port and Roads for landlocked countries and development of Fisheries, cotton, coffee and nickel industries
- Tanzania, Uganda, Rwanda, Burundi and DRC
- US\$18bn in total





1st pilot



Beira-Nacala Multimodal Corridors

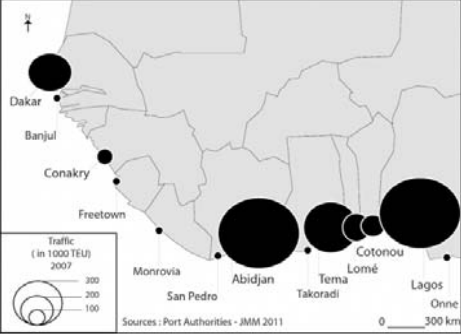
- Rehabilitate/ reconstruct railway and road links, including OSBPs¹ along the corridors
- Natural resources development, incl. Moatize Coal Field in the Zambezi Valley will use the ports as main export gateways
- Estimated at US1.8Bn*





West Africa Hub Port & Rail Programme

- Respond to the future capacity problems in West African ports
- A regional hub port and rail linkage master plan and Port expansion for Dakar, Abidjan, Tema, Lome, Cotonou, including: Ile Boulay (Abidjan) new port/container terminal construction
- Estimated at US\$2.1Bn



*to be validated
 Note: ARTIN = African Regional Transport Infrastructure Network; 1. One-stop border post
 Source: PIDA

The Central Corridor as Pilot for Acceleration: Delivered substantial progress against an aggressive timeline

Activity	2014						2015				
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Central Corridor Scoping workshop (Dar - 3 Jun 2014) — Proposed governance structure of the CC acceleration process — Defined the resourcing requirements for the process and high level timeline	▲										
Central Corridor Working Session (Dar - 1 & 2 Jul 2014) — Defined project and programme scoping criteria & high level fiches — Agreed on phased approach, i.e. shortlist cornerstone projects		▲									
Project finance in Africa: A commercial perspective on rail (JHB, 19 Aug 2014) — Open dialogue with banks financing infrastructure in Africa to share expectations, lessons learnt, innovative instruments and requirements			▲								
Central Corridor Planning Workshop (Kigali , 21 Aug 2014) — Technical alignment - Five country political alignment on tech requirements — 27 projects selected from 121 longlist, 18 further shortlisted by taskforce			▲								
Business Working Group input (JHB – 30 October) 2014 — Present progress and gage private expert input to process — Identify additional work required and resource requirement					▲						
Technical Taskforce meeting (Dar, 15 Dec 2014) — Align on technical support mobilised and next steps toward PRT and Investor Forum							▲				
Davos AM2015 report back and highest level of support (Jan 2015, Davos)								▲			
Project Packaging Alignment Workshop -Taskforce meeting (Dar, Feb 2015) — Review outcomes and findings of expert and analysis from WEF BWG — Validate project reports prior to printing of catalogue for investors									▲		
Private Finance Roundtable (JHB, 9 Mar 2015) — Gage private sector interest and recommendations for 23 shortlisted project pre CCII										▲	
Ministerial meeting (Dar, 13 Mar 2015) — Alignment to shortlisted projects and technical review outcomes										▲	
Development Finance Roundtable (JHB, 16 Mar 2015) — Secure development and prep financing for some shortlisted project pre CCII										▲	
Presidential Roundtable (Dar, 25 Mar 2015) — Status of phase 1 projects by taskforce presented to presidents — Mobilise public sector support and grants etc										▲	
Central Corridor Industry and Investor Forum (Dar, 26 Mar 2015) — Initial presentation/ roadshow of 23 phase 1 cornerstone packages to public											▲

23 projects identified as high potential from portfolio of 121 projects

	Group	Number of projects	Σ Est Value (\$m)	Project names
A	Private finance opportunities <ul style="list-style-type: none"> — Generating a revenue stream — Feasibility or Prefeasibility reports available — Finance proposed models developed 	4	6,732	<ul style="list-style-type: none"> — Dar Port Berths Development (Tanz) — Dar-Isaka-Keza-Kigali-Musongati Railway Line (Multi) — Isaka-Mwanza Rail Line (Tanzania) — Dar-Chalinze Toll Road (Tanzania)
B	Private finance opportunities (under development) <ul style="list-style-type: none"> — Generating a revenue stream — Bankable feasibility required 	4*	225 ¹	<ul style="list-style-type: none"> — Navigability of the Akagera River (Rwanda) — Port Bell & Jinja Pier Upgrading (Uganda) — Kigoma Port — Mwanza South Port
C	Development finance opportunities <ul style="list-style-type: none"> — Not revenue generating — Feasibility or Prefeasibility reports available — Economic justification 	6	1,128	<ul style="list-style-type: none"> — Nyahua - Chaya Road (Tanzania) — Malagarasi-Uvinza Road (Tanzania) — Kyotera-Mutukula Road (Uganda) — Ruhwago-Bujumbura-Rumonge-Mugina Road (Burundi) — Ngoma-Bugesera-Nyanza Road (Rwanda) — Port Kalundu-Uvira-Bukavu-Goma-Rutshuru-Bunagana Road (DRC)
D	Other finance opportunities <ul style="list-style-type: none"> — Mix of income generating and public sector — Prefeasibility required 	9*	1,705 ²	<ul style="list-style-type: none"> — Refer group D projects in Excel

* Port Bell and Jinja combined. 1. Kigoma estimated value not included. 2. four projects estimates not available

Achievements for the Central Corridor: Strong impact delivered across all relevant dimensions

Acceleration Strategy and Roadmap Defined



- Developed **implementation strategy**
- Created **phased approach**
 - Phase 1 for marketing of corridor, industrial development plan and showcasing of key cornerstone projects
 - Phase 2 focusing on detailed project preparation and securing finance for implementing

Projects Decomposed, Understood and Prioritized



- Clarifying the **scope** of the corridor (**\$18bn**)
- Decomposed Programme into **121 sub projects**
- Consolidated and standardised data into xls-based, automated project fiche tool and template
- **Prioritised** cornerstone projects for phase 1 (**23 selected from 121 - \$9.7bn**) rep. 5 countries, 3 sectors

Technical Support & Funding Mobilized



- Mobilised and managed independent **technical experts** to package 23 projects for market sounding
- Through the BWG, **DBSA sponsored ~\$400K**
- 23 projects grouped into 4 groups —depending on type of finance
- **World Bank** indicated \$450M in support to lakes and inland waterways

Stakeholders Aligned and Engaged



- **10+ workshops in 8 months**
- **4 private sector roundtables** hosted to elicit private sector suggestions for project packaging
- Visibility and interest from industry created - **Industry and Investors Forum held on 26 March in Dar** (200+ participants, all countries represented)
- Extensive **press coverage**

Political Support and Pressure Secured



- Interest from highest levels of government and private leaders assured ownership and delivery to tight timeline
- **Davos 2015 and Presidential Round Table in Dar es Salaam-4 presidents attended and 10+ ministers**
- Quarterly presidential roundtable institutionalised focusing on corridor development

Public Agencies Enabled and Trained



- **CCTTFA enabled** to understand what is required for projects to be 'bankable'
- **Trainings** on financial modelling & project development to be offered to CCTTFA
- **Methodologies** and **enabling processes** developed
- Repository of **tools** created for replication

To summarize

- ❑ Lack of interest or lack of finances is not the challenge
- ❑ A neutral platform that brings together the public and private sector at the highest levels AND conducts preliminary project analysis in a non-competitive environment was an essential success factor
- ❑ Work remains on developing the human capacity skills required; and more systemic risk mitigation instruments to attract the large pools of international capital

Contact information: World Economic Forum

Alex Wong

Senior Director

World Economic Forum

Tel.: +41 (0)22 869 1460

Fax: +41 (0)22 786 2744

Email: alex.wong@weforum.org

Appendix

- i. Link Library (Report links)
- ii. Transnational Infrastructure Programme Management
- iii. Early Stage Project Finance
- iv. Capacity Building

Link library : Africa Strategic Infrastructure Initiative

Reports/ documents:

Africa Infrastructure Brief Overview (2 pager)

http://www3.weforum.org/docs/WEF_African_Strategic_Infrastructure_Initiative_2014.pdf

Project Overview: Accelerating Development of Africa Infrastructure (15 page, 3 year summary)

http://www3.weforum.org/docs/WEF_AFSII_Project_Overview_Accelerating_Infrastructure_Development_in_Africa.pdf

Transnational Program Management for Infrastructure

<http://www.weforum.org/reports/african-strategic-infrastructure-initiative-managing-transnational-infrastructure-programmes>

A Business Approach to Project Acceleration

http://www3.weforum.org/docs/AF13/WEF_AF13_African_Strategic_Infrastructure.pdf

A Principled Approach to Infrastructure Project Preparation Facilities

<http://reports.weforum.org/africa-strategic-infrastructure-initiative/?code=OR005>

Events :

Africa Infrastructure Breakfast: Annual Meeting 2015 Summary (Davos)

http://www3.weforum.org/docs/IP/2015/IU/WEF_IP_IU_Africa_Strategic_InfrastructureAM2015breakfastsummary.pdf

African Strategic Infrastructure World Economic Forum 4th Business Working Group Meeting 2014 (Sandton)

http://www3.weforum.org/docs/IP/2014/IU/WEF_IP_IU_4thBWG_summary.pdf

African Strategic Infrastructure World Economic Forum in Africa 2014 (Abuja)

http://www3.weforum.org/docs/AF14/WEF_AF14_IU_AfricanStrategicInfrastructureInitiative_Report.pdf

African Strategic Infrastructure World Economic Forum in Africa 2013 (Cape Town)

http://www3.weforum.org/docs/AF13/WEF_AF13_IU_AfricanStrategicInfrastructureInitiative_Report.pdf

The TIPM paper describes challenges and best practices for the management of transnational programmes

Target audience and objectives

Target audience

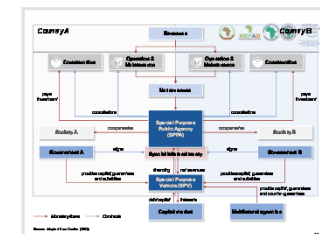
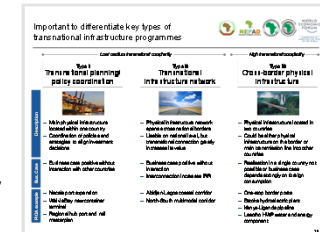
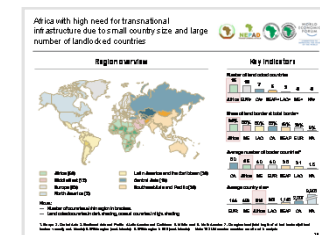
- Programme and project responsables in the public and private sector
- Policy makers in the position to influence the programme environment

Objectives

- Provide an overview on the key challenges in the management of transnational infrastructure programmes in Africa
- Outline potential best practices to address these challenges

Key findings

- Transnational infrastructure programmes classified into three groups according to their transnational specifics
- Key challenges identified with special relevance for Africa
- A best practice framework developed for the management of transnational infrastructure programmes
- Three possible approaches to harmonisation of regulations identified



ESPF report outlines a Principled Approach to Infrastructure Project Preparation Facilities

Target audience and objectives

Target audience

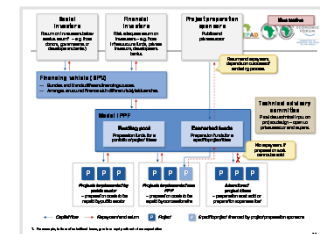
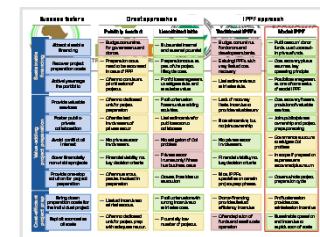
- Programme and project responsables in the public and private sector who seek to finance the preparation of projects

Objectives

- Develop a new approach and potential model for project preparation financing based on public-private collaboration
- Outline potential sources for project preparation financing with a special emphasis on private sector contribution

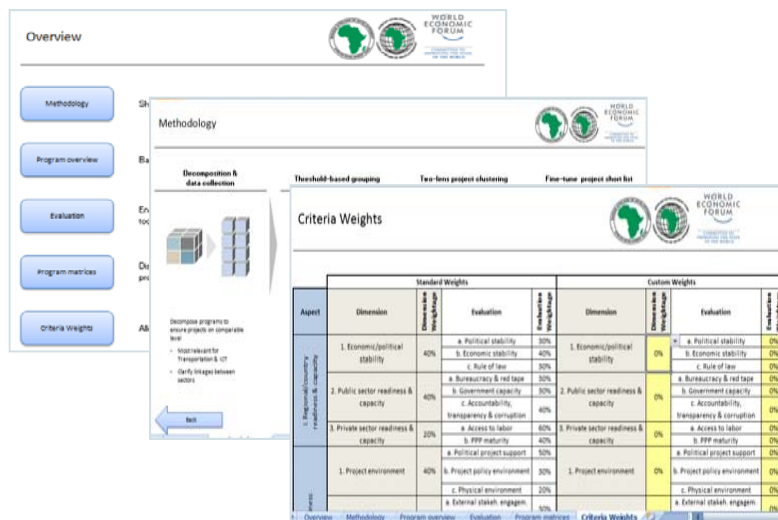
Key findings

- Existing models evaluated against a set of key success factors
- A new model for an Infrastructure Project Preparation Facility (IPPF) with public-private collaboration
- Project preparation costs should be covered by the project organisation as part of the project lifecycle costs
- Potential private sector sources are institutional and private investors, commercial banks and project beneficiaries



Capacity building: Easy to use tools are being created for replication within a repository

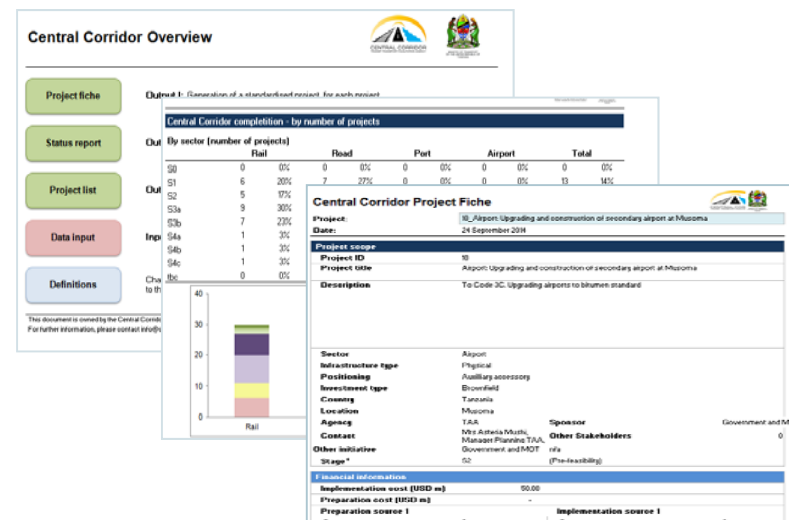
PIDA PAP Program Custom Assessment Tool



Aspect	Dimension	Standard Weights		Custom Weights	
		Dimension Weightage	Evaluation	Dimension Weightage	Evaluation
1. Economic/political stability	a. Political stability	30%	0%	a. Political stability	0%
	b. Economic stability	40%	0%	b. Economic stability	0%
	c. Rule of law	30%	0%	c. Rule of law	0%
2. Public sector readiness & capacity	a. Bureaucracy & red tape	30%	0%	a. Bureaucracy & red tape	0%
	b. Government capacity	30%	0%	b. Government capacity	0%
	c. Accountability, transparency & corruption	40%	0%	c. Accountability, transparency & corruption	0%
3. Private sector readiness & capacity	a. Access to labor	60%	0%	a. Access to labor	0%
	b. PPP maturity	40%	0%	b. PPP maturity	0%
	c. Political project support	50%	0%	c. Political project support	0%
1. Project environment	a. Project policy environment	30%	0%	a. Project policy environment	0%
	b. Physical environment	20%	0%	b. Physical environment	0%
	c. External stakeh. engage	50%	0%	c. External stakeh. engage	0%

- Used for programme shortlisting (7)
- Excel based tool including the PIDA PAP programme information
- Methodology codified
- Evaluation of programmes
 - Project realization readiness/capacity
 - Project value/impact

Central Corridor Project Reporting Tool



By sector (number of projects)	Rail	Road	Port	Airport	Total
S0	0	0%	0	0%	0
S1	6	20%	7	23%	13
S2	5	17%	0	0%	5
S3a	9	30%	0	0%	9
S3b	7	23%	0	0%	7
S4a	1	3%	0	0%	1
S4b	1	3%	0	0%	1
S4c	1	3%	0	0%	1
S4d	0	0%	0	0%	0

Project ID	10
Project title	Airport Upgrade and construction of secondary airport at Musoma
Date	24 September 2014
Project Scope	10
Description	To Code 3C. Upgrading airports to biumen standard
Sector	Airport
Infrastructure type	Physical
Positioning	Auxiliary accessory
Investment type	Brownfield
Country	Tanzania
Location	Musoma
Agency	TAA
Contact	Mrs Azevia Mushi, Manager Planning TAA, Government and MOT
Other initiative	10
Stage	50 (Pre-feasibility)
Financial information	
Implementation cost (USD m)	0.00
Preparation cost (USD m)	-
Preparation source 1	0
Implementation source 1	0

- Used information gathering on Central Corridor
- 121 projects listed
- Pre-populates template project fiches as defined
- Centralised data source for reporting