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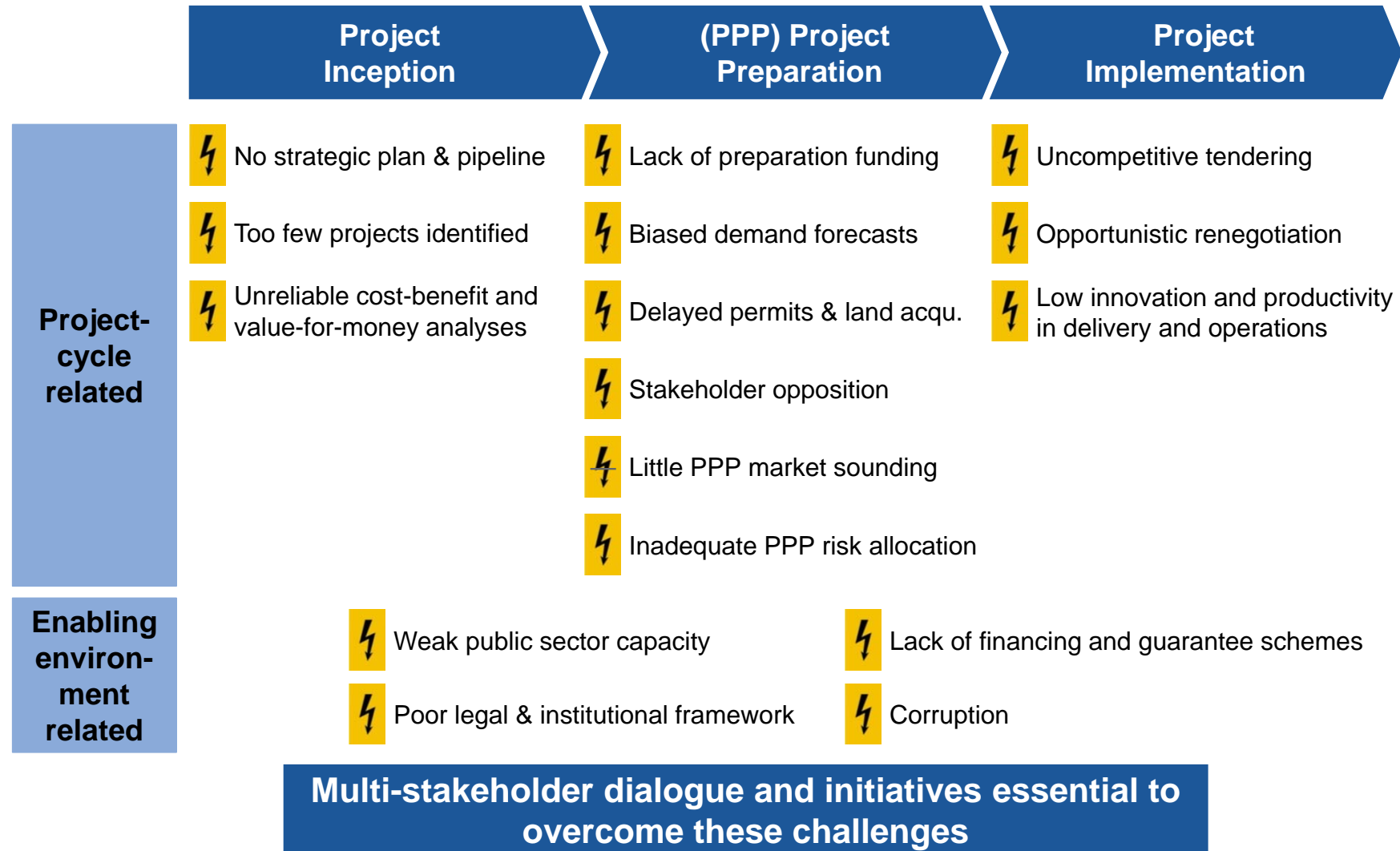
# Enhancing Policy Coordination for Global Integration and Cross-Border Infrastructure Development

Oxford Infrastructure Conference

1 July 2016



# Infrastructure development faces many challenges



## Example: PIDA as 'mega plan' for Africa and as a starting point

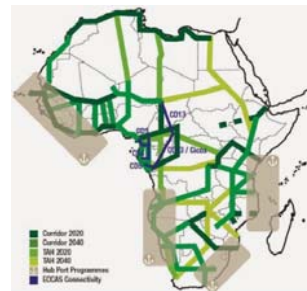
### Problem: Infrastructure deficit in Africa limiting economic growth and prosperity

#### 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 Challenge*

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- How to identify which of these projects to prioritize?
  
- And how to maintain the political support and buy in throughout the process?

## The Business Working Group: A Critical Success Factor

### Businesses

#### Infrastructure/Mobility

- 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)

#### Energy

- ABB
- Eskom
- General Electric (GE)
- Oando Plc
- Sasol Limited

#### Chemicals

- United Phosphorus Ltd

#### Mining & Metals

- African Rainbow Minerals Ltd
- ArcelorMittal

#### Investors & Fin. services

- Absa Capital
- Dev. Bank of Southern Africa
- First Bank Nigeria
- HSBC
- Investec Asset Management
- Old Mutual
- Prudential Plc
- Standard Chartered
- Standard Bank
- UBS

#### Other

- Philips
- Diageo Plc
- Etisalat Group
- BT
- Yara
- Flour Mills of Nigeria
- Telkom SA
- Orrick
- IDC of S. Africa
- SAP

### Multilateral Organizations, Development Banks and Experts

#### DFI's and institutions

- African Union Commission
- African Development Bank (Incl. ICA)
- IFC
- NEPAD Planning & Coordinating Agency
- World Bank

#### Experts

- 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

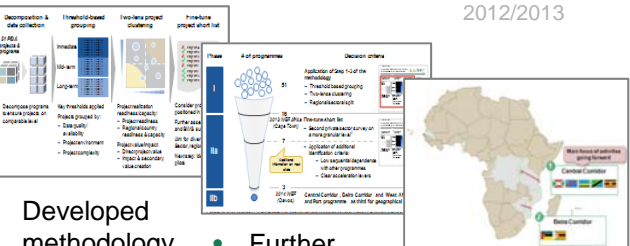


**Early Stage Project Finance** 2014/2015

- 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

## Methodology offers a private sector perspective and does not assess the general project quality

### What the methodology is...

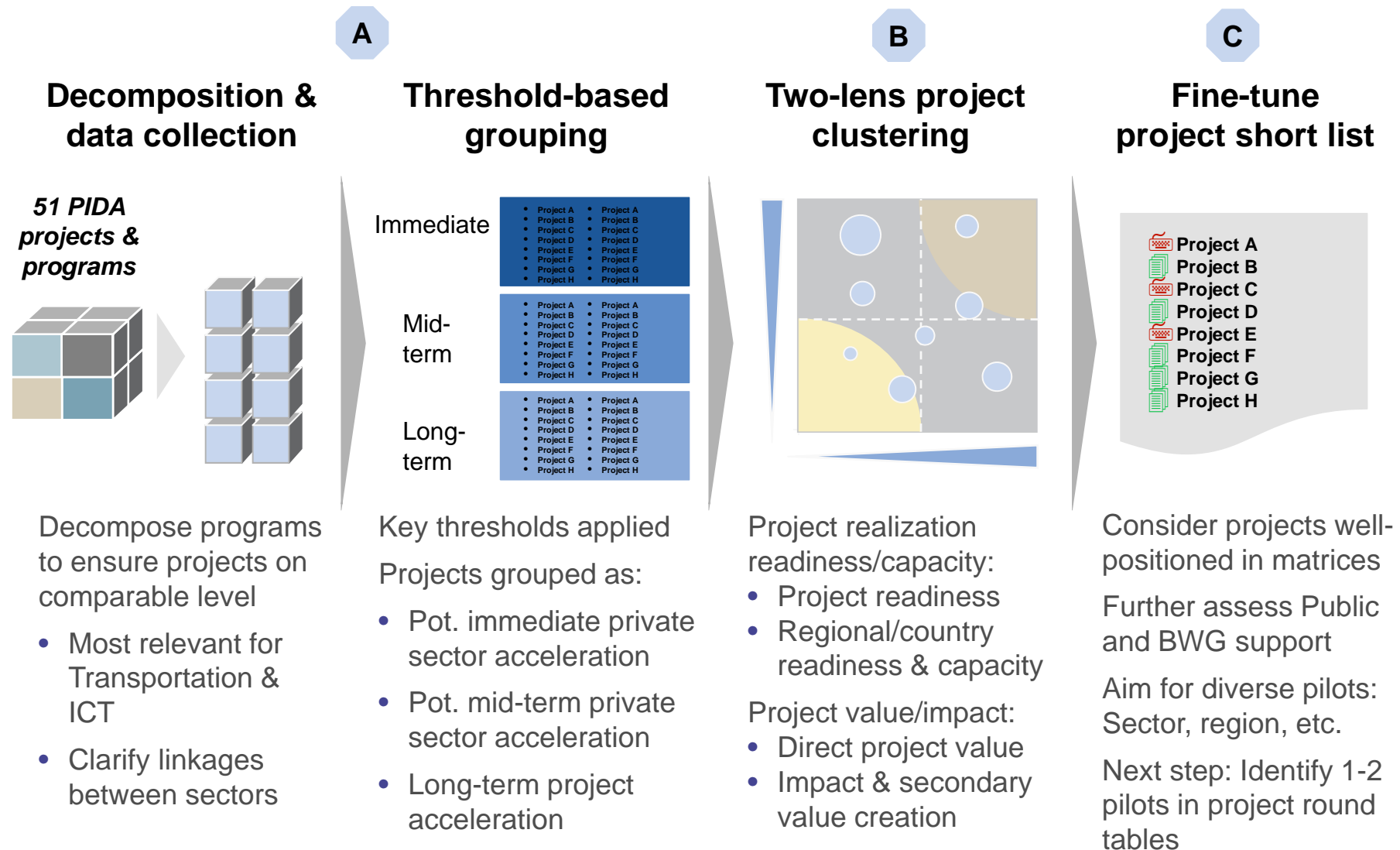
- an assessment offering a private sector perspective on the projects
- a coherent presentation of a large dataset subject to defined trade-off preferences
- as good as the information provided
- a tool to support objective decision making
- open to consider all stakeholders' opinions as part of the fine tuning

### ... and what it is not

- an assessment of the overall value of, and need, for the projects
- a universal tool that aligns diverse stakeholders' preferences
- able to make up for missing/incorrect data
- a tool providing a ranking and making the decision
- a strict ranked list of projects, not considering other key influencing factors

**Methodology helps to identify programmes with the highest potential for private/ public collaboration**

# Project Acceleration Methodology – 4 Step Process





**A** Threshold-based grouping



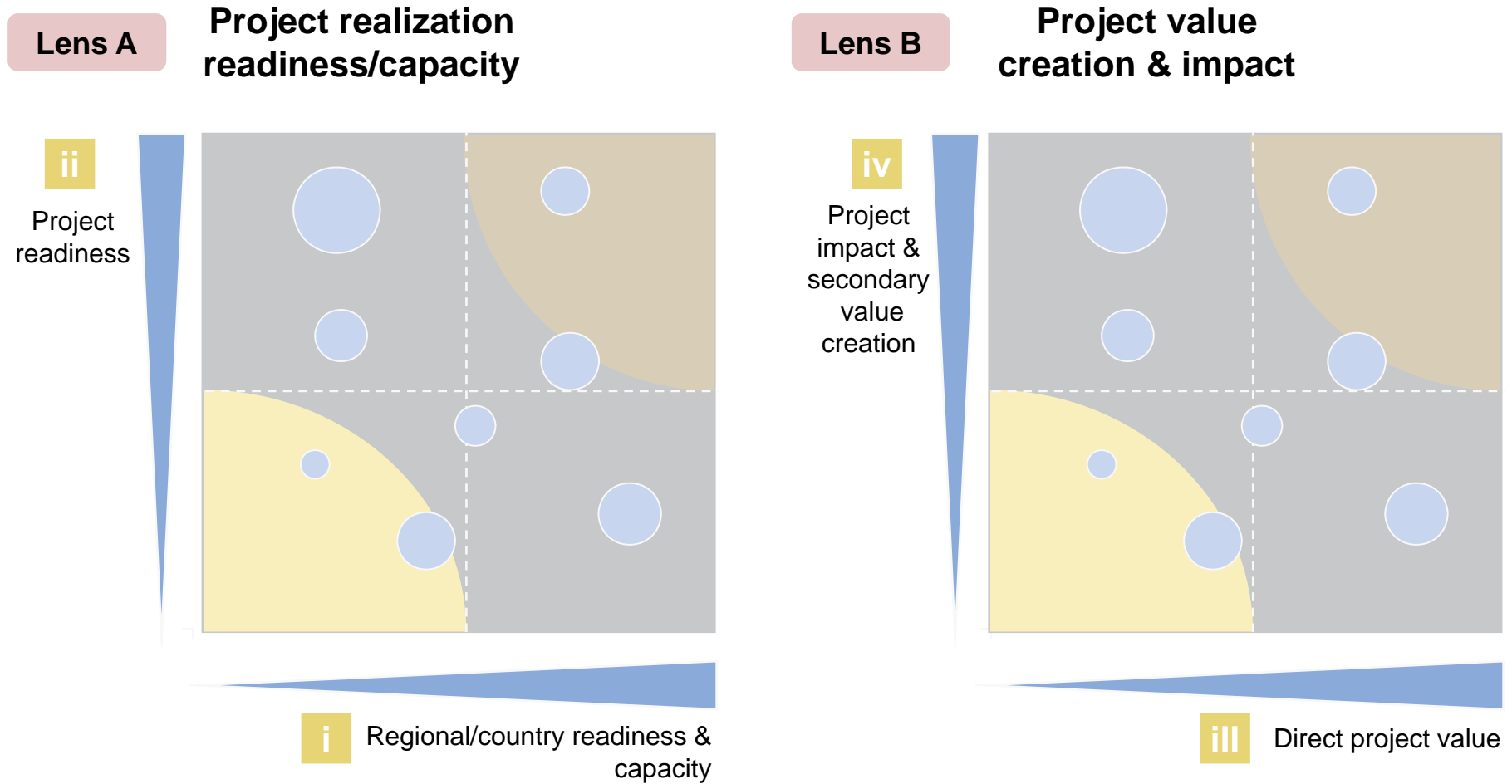
## Key thresholds to ensure workable project setting



Key thresholds	Threshold description
<b>Data quality/ availability</b>	<p>Short-term acceleration projects require that key data is available and the quality of the data is sufficient to allow a review; Key data packages are:</p> <ul style="list-style-type: none"> <li>— Project basics (scope/boundaries, key financial data, stage, timeline)</li> <li>— Break-down of programs to a stand-alone project level</li> <li>— Additional data with clear sources (Project impact, tech. readiness, risks)</li> </ul>
<b>Project environment</b>	<p>Short-term acceleration projects require a stable project environment to ensure a reliable planning &amp; acceleration setting; Key factors are:</p> <ul style="list-style-type: none"> <li>— Political stability of the project region and political support for the project</li> <li>— Reliable monetary/fiscal situation of partners for the project</li> <li>— Absence of corruption for the project</li> </ul>
<b>Project complexity</b>	<p>Given private sector capacity constraints for project acceleration, initially focus on projects with limited complexity; Key considerations are:</p> <ul style="list-style-type: none"> <li>— Clear &amp; manageable technical challenges, comparable projects in place</li> <li>— Clear &amp; limited stakeholder group to be involved; establish track record</li> <li>— Presence or clear plan for a project lead implementation agency</li> </ul>

**B** Two-lens project clustering

Visualize project assessment in two matrices with axis showing intrinsic/extrinsic project variables



**B** Two-lens project clustering

Further review through two lenses covering relevant aspects & dimensions for a thorough project assessment



*Ideal methodology*

Lenses	Aspects	Dimensions	Criteria	Metrics
<b>Lens A</b>  Project realization readiness/capacity	<b>i</b> Regional/country readiness & capacity	— Econ./Pol. stability — Public sector r. & capa. — Private sector r. & capa.	— 8 criteria in total — Split across dimensions	— 1-3 metrics per criterion — Aggregated to 0-10 score
	<b>ii</b> Project readiness	— Project environment — Project preparedness — Project complexity	— 8 criteria in total — Split across dimensions	— 1-3 metrics per criterion — Aggregated to 0-10 score
<b>Lens B</b>  Project value & impact	<b>iii</b> Direct project value	— Monetary project value — Strategic value — Project associated risks	— 6 criteria in total — Split across dimensions	— 1-3 metrics per criterion — Aggregated to 0-10 score
	<b>iv</b> Project impact & secondary value creation	— Economic impact/value — Environmental impact — Social impact/value	— 8 criteria in total — Split across dimensions	— 1-3 metrics per criterion — Aggregated to 0-10 score

Project realization readiness/capacity lens:  
Proposed default weights



*Ideal methodology*

**i Weights for Regional/country readiness & capacity**

Dimension	Criteria	Criteria weight
Economic/ Political stability 40%	Political stability	30%
	Economic stability	40%
	Rule of law	30%
	Bureaucracy & red tape	30%
Public sector readiness & capacity 40%	Government capacity	30%
	Accountability, transparency & corruption	40%
Private sector readiness & capacity 20%	Access to labor	60%
	PPP maturity	40%

Proposed dimension weight

**ii Weights for project readiness**

Dimension	Criteria	Criteria weight
Project environment 40%	Political project support	50%
	Project policy environment	30%
	Physical environment	20%
Project preparedness 30%	Ext. stakeholder engagem.& align.	30%
	Front-end loading/prerequisite fulfillm.	40%
	Project plan readiness	30%
Project complexity 30%	Coordination needs & complexity	40%
	Technical demands & complexity	60%

# Project value creation & impact lens: Proposed default weights



*Ideal methodology*

iii

## Weights for direct project value

Dimension	Criteria	Criteria weight
Monetary project value 50%	Direct & related ancillary project monetary value	100%
	Market relevance & attractiveness	80%
Strategic value 20%	Infrastructure project pipeline	20%
	Risk exposure & mitigation options	60%
Project associated risks 30%	Strength of sponsor/sovereign	20%
	Robustness of business case	20%

iv

## Weights for project impact & second. value creation

Dimension	Criteria	Criteria weight
Economic impact 50%	Direct community benefits	40%
	Secondary industries	40%
	Econ. efficiency gain	20%
Environmental impact 20%	Local biodiversity sensitivity	50%
	Emission impact	50%
Social impact 30%	Infrastructure accessibility	30%
	Capacity building availability	30%
	Additional local community impact	40%

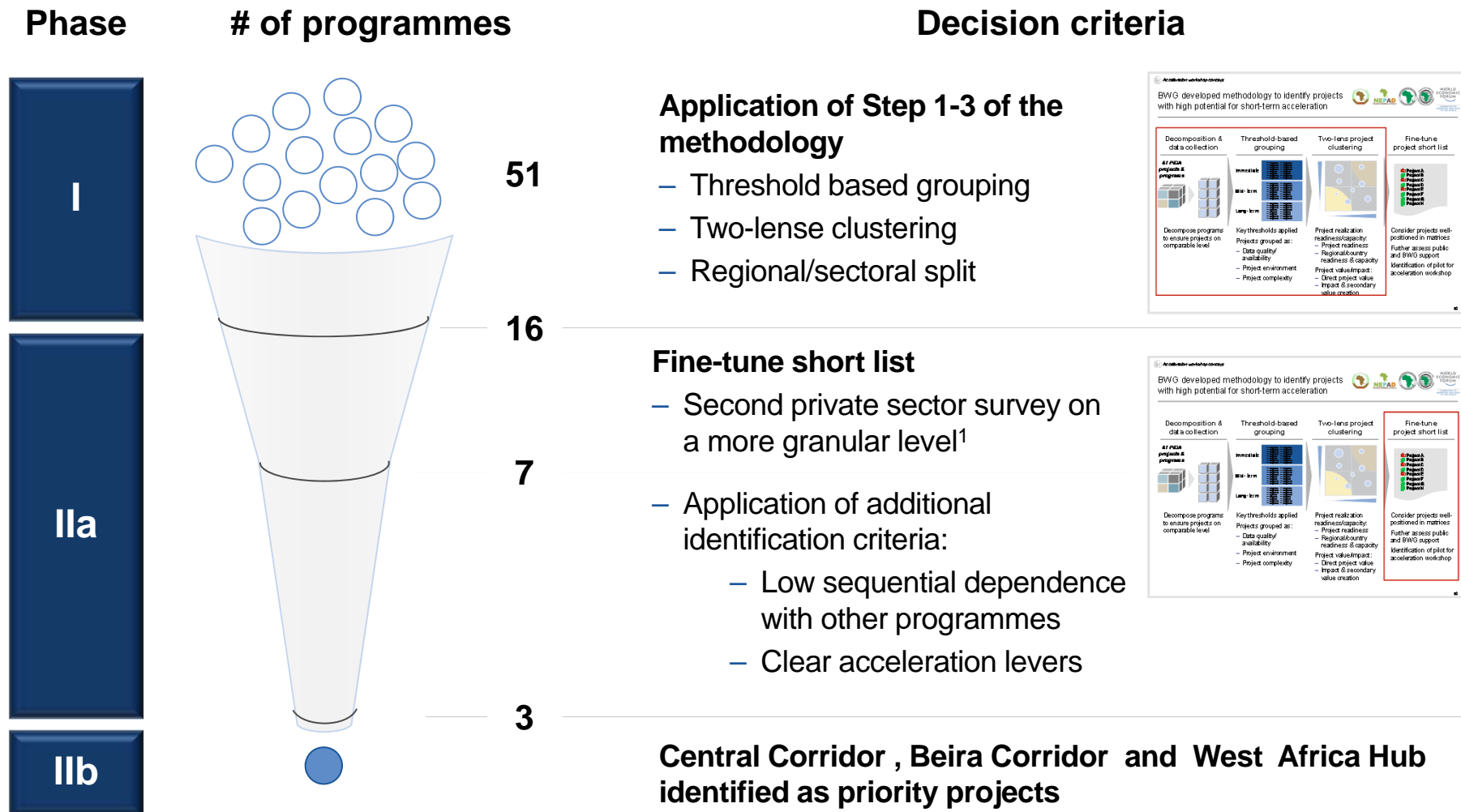
Proposed dimension weight

## Fine-tuning of programme shortlist based on dimensions taken from the Methodology

Criteria	Description	Dimension in the Methodology
1 Private sector interest	<ul style="list-style-type: none"> <li>– There should be a strong interest from the private sector BWG members on key elements of the programme</li> </ul>	<ul style="list-style-type: none"> <li>– Private sector readiness and capacity</li> </ul>
2 Degree of sequential dependencies	<ul style="list-style-type: none"> <li>– Key elements of the programme should not have strong sequential dependencies</li> </ul>	<ul style="list-style-type: none"> <li>– Project complexity</li> </ul>
3 Maturity of public institutions	<ul style="list-style-type: none"> <li>– Key elements of the programme should be in countries with mature public institutions</li> </ul>	<ul style="list-style-type: none"> <li>– Public sector readiness and capacity</li> <li>– Economic/ Political stability</li> <li>– Project environment</li> </ul>
4 Stage of the programme	<ul style="list-style-type: none"> <li>– Key elements need to be defined</li> <li>– Key elements of the programme should not be too advanced (i.e., financing secured)</li> </ul>	<ul style="list-style-type: none"> <li>– Project preparedness</li> </ul>
5 Clear acceleration levers	<ul style="list-style-type: none"> <li>– There should be clear levers for acceleration in key elements of the programme</li> <li>– There should be no prohibitive roadblocks</li> </ul>	<ul style="list-style-type: none"> <li>– Project complexity</li> </ul>

..... and finally, ensuring political alignment and support but only for any “tie-breaking”

# 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.

Adaptations to the ideal methodology were made due to data constraints and mandate to strive for identification of pilots



### Methodology

### Adopted approach

— Decomposition of programmes into comparable projects as the first step



— Methodology run on a programme level due to limited data availability

— Run the methodology with comprehensive data for all programmes



— Some programmes were dropped due to limited data availability

— Establish clear ranking of projects based on outcome of methodology



— Group of 16 programmes with sufficient potential for immediate acceleration identified

— Base identification of pilots on objective criteria



— Fine-tuning requires some subjective assessment of acceleration potential

— Challenges and opportunities assessed by implementation agencies



— Information collection partly relied on web research and expert interviews

**The methodology has been codified in an Excel based assessment tool**



# Ongoing Now: North-South Corridor

## Project context and aim

### Project context

- South African president Jacob Zuma is the **champion for the development of the North-South Corridor<sup>1</sup> (NSC)**
- Following BCG's contribution to the acceleration of the Central Corridor<sup>2</sup>, **Presidency approached BCG to support work on NSC**

### Project aim

- Project aim was to create a **replicable methodology for selecting and accelerating projects** on the NSC
- Also asked to plan a **monitoring structure and mobilisation events** to ensure progress

## Methodology

The image shows a screenshot of a 'Standard Work Plan' table. The table has several columns, including 'Approach', 'Assessment framework', and 'Comprehensive assessment'. The text 'Draft—for discussion only' is visible at the bottom right of the table.

*Standard Work Plan*

- Created a **quantitative and qualitative assessment methodology** to prioritise projects
- Developed a **standard work plan** for the assessment of project status
- Developed **acceleration plans and monitoring framework** to address bottlenecks
- Planned **project mobilisation events**

## Impact

- ✓ **Enabled project acceleration** by identifying and addressing bottlenecks
- ✓ **Increased high-level government oversight and control of projects** by presenting in inter-ministerial meetings
  - Caused automatic acceleration of slow processes because of top-level pressure
- ✓ **Facilitated inter-governmental dialogue** that was previously limited
- ✓ **Enhanced public awareness of the importance of NSC** through high profile breakfast at the WEF<sup>3</sup> and media interviews

1. Collection of infrastructure projects (e.g. roads, railways, ports, bridges, border posts) from Durban to Dar es Salaam, or from Cape Town to Cairo in the extended definition

2. Collection of infrastructure projects from Burundi, DRC, Rwanda, Tanzania and Uganda, 3. World Economic Forum

Source: BCG analysis

20160628 NSC Case Vignettes.pptx

## **Contact information:** World Economic Forum

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World Economic Forum

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Email: [alex.wong@weforum.org](mailto: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

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### *Reports/ documents:*

#### **Africa Infrastructure Brief Overview (2 pager)**

[http://www3.weforum.org/docs/WEF\\_African\\_Strategic\\_Infrastructure\\_Initiative\\_2014.pdf](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](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](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](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](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](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](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

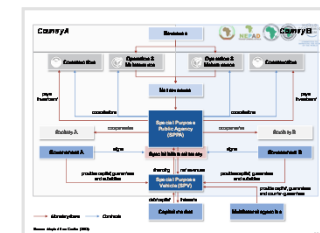
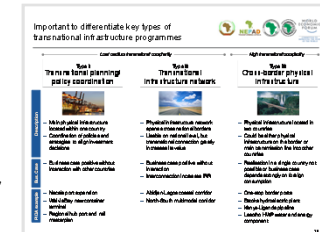
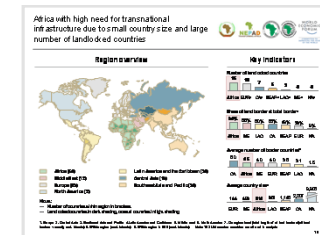
- Programme and project responsables in the public and private sector
- Policy makers in the position to influence the programme environment

### 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

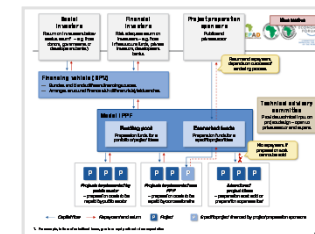
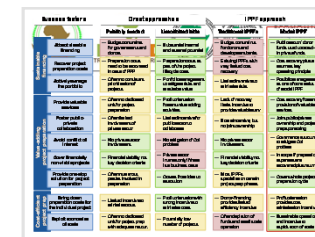
- Programme and project responsables in the public and private sector who seek to finance the preparation of projects

### 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

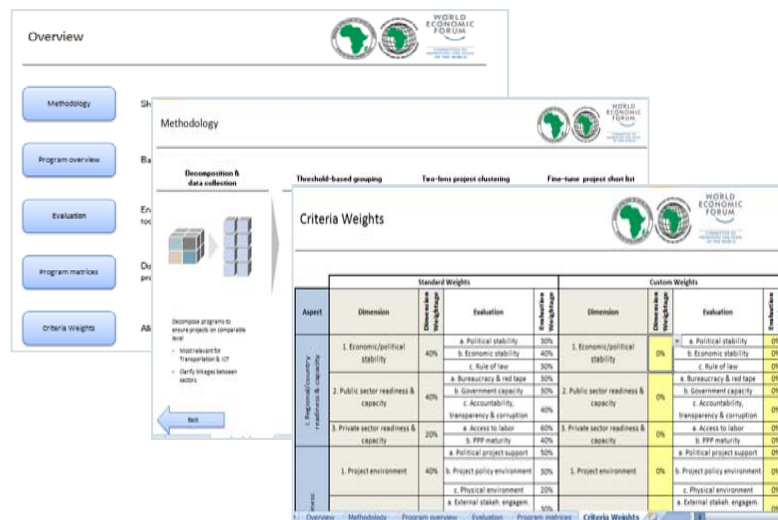
## Key findings

- 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

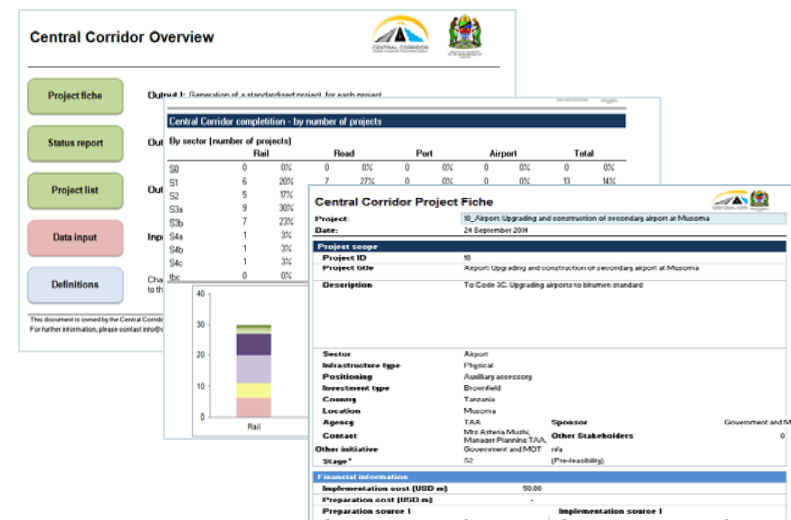
## PIDA PAP Program Custom Assessment Tool



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



Dur	Rail	Road	Port	Airport	Total
S0	0	0	0	0	0
S1	6	27%	0	0	6
S2	5	9%	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

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

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