

The Presidential Infrastructure Championing Initiative (PICCI) including the North South Corridor: An Update

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Part 1

27 February 2012

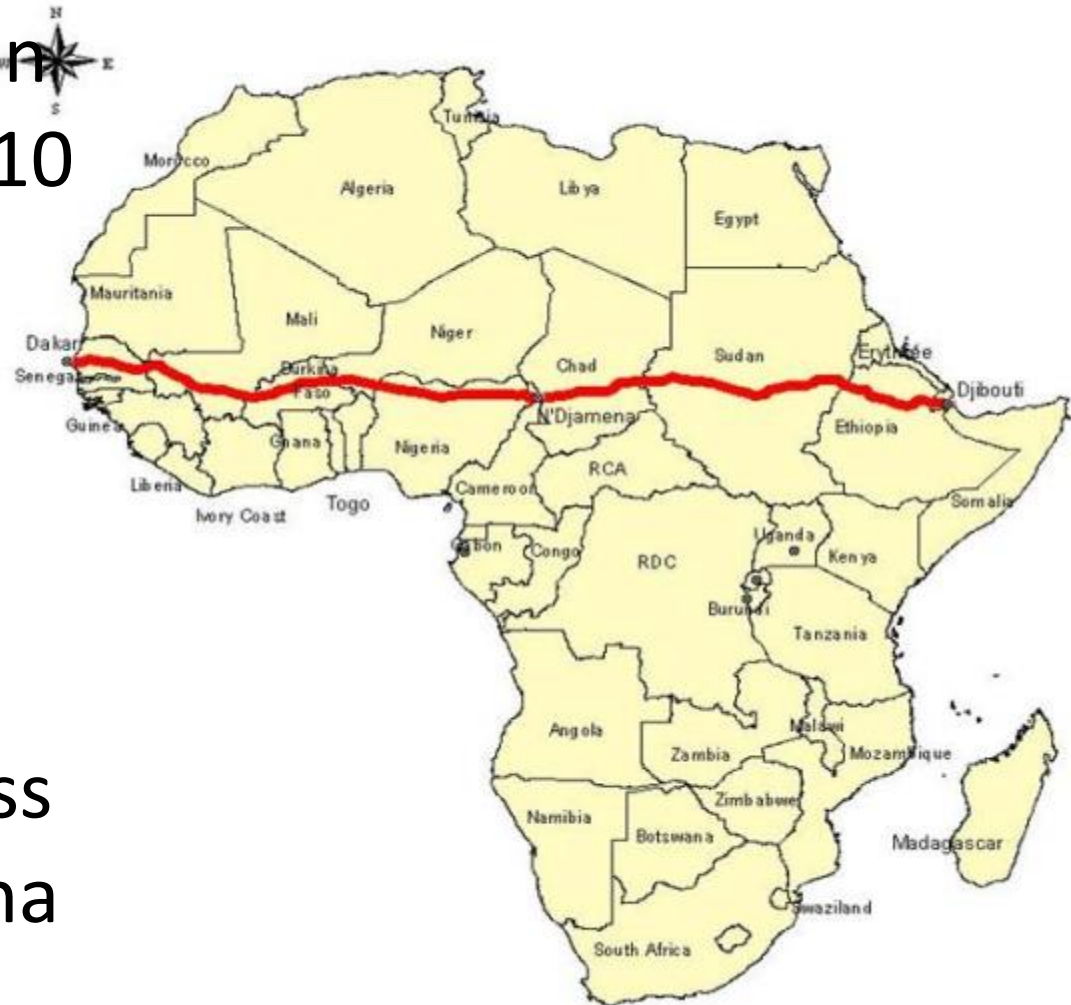
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Dakar-Djamena-Djibouti Road and Rail-Senegal

- The Dakar-Djamena-Djibouti trans-African highway criss-cross 10 African countries.

- The project will link Dakar (Senegal) to Djibouti (Djibouti)

- The highway will pass through Mali, Burkina Faso, Niger, Nigeria, Chad



Level

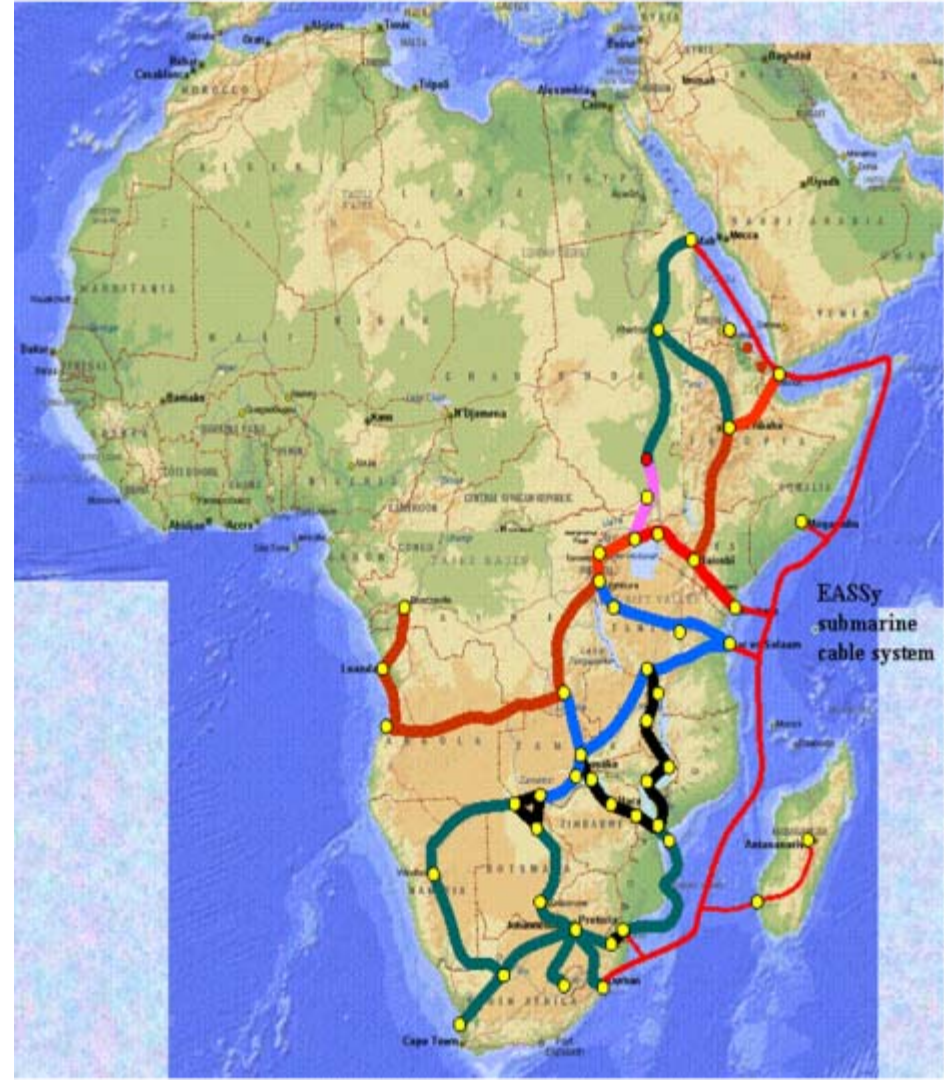
The North South Corridor Route



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ICT Broadband and Optic Fibre linkages- Rwanda

- Rwanda named East Africa's number one ICT nation by UNCTAD. Benefited from ICT-based investments by lucrative international players such as Microsoft, Nokia, and Terracom
- Rwanda undertook to drive ICT and Optic Fibre



PICI Progress

“The hardest lesson so far has been deciding which bridge to cross and which to burn”



Introduction

- Supporting Minister Manuel in the Presidency: National Planning Commission
- Working now on the Presidential Infrastructure Championing Initiative (PICI) since September 2010
- Inconvenient truth: **“it is a minefield of rhetoric, malaise and obfuscation”**

Infrastructure: the true picture. . .

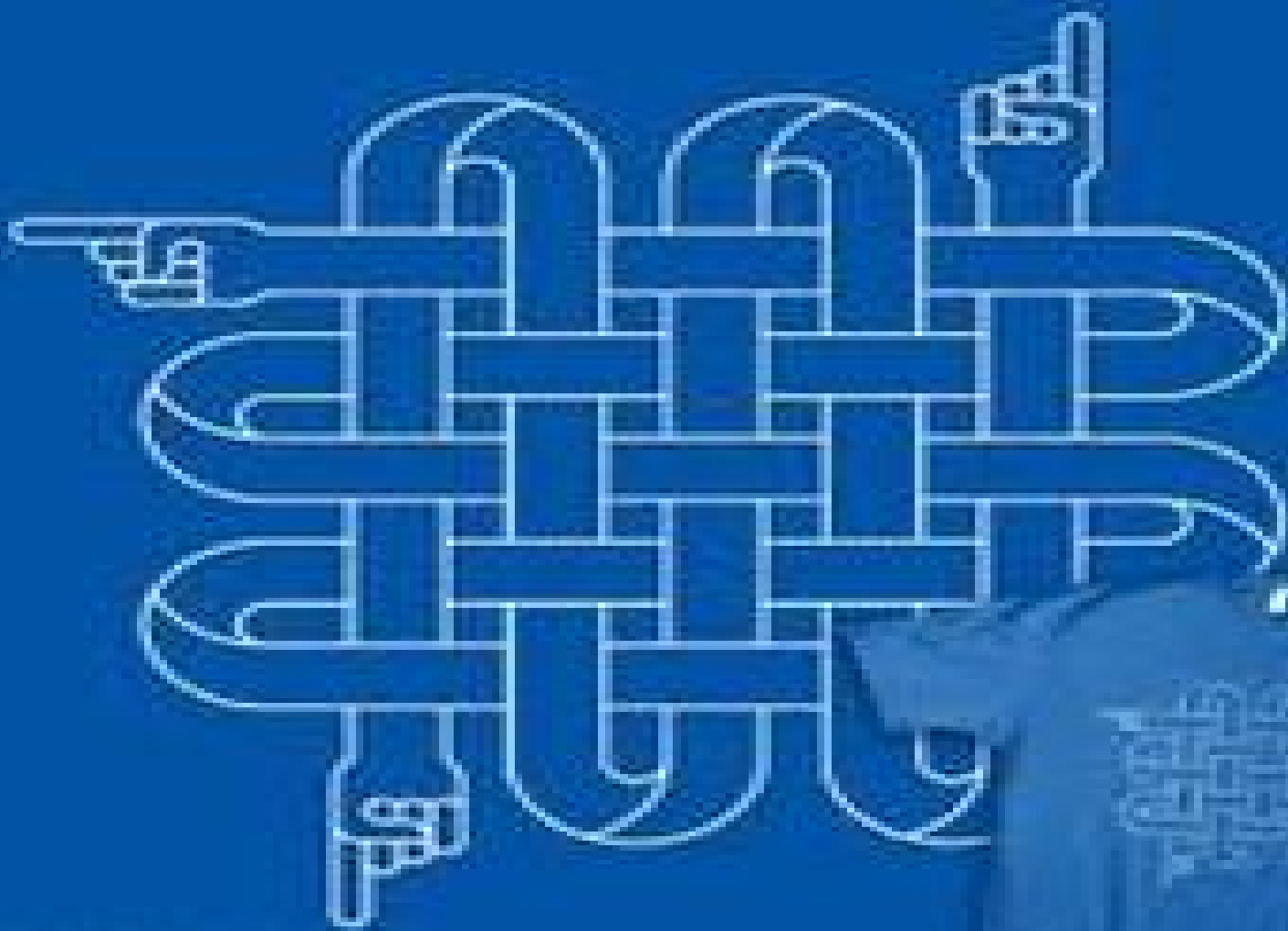
Multitude of projects, across regions, counties and involving a multiplicity of players



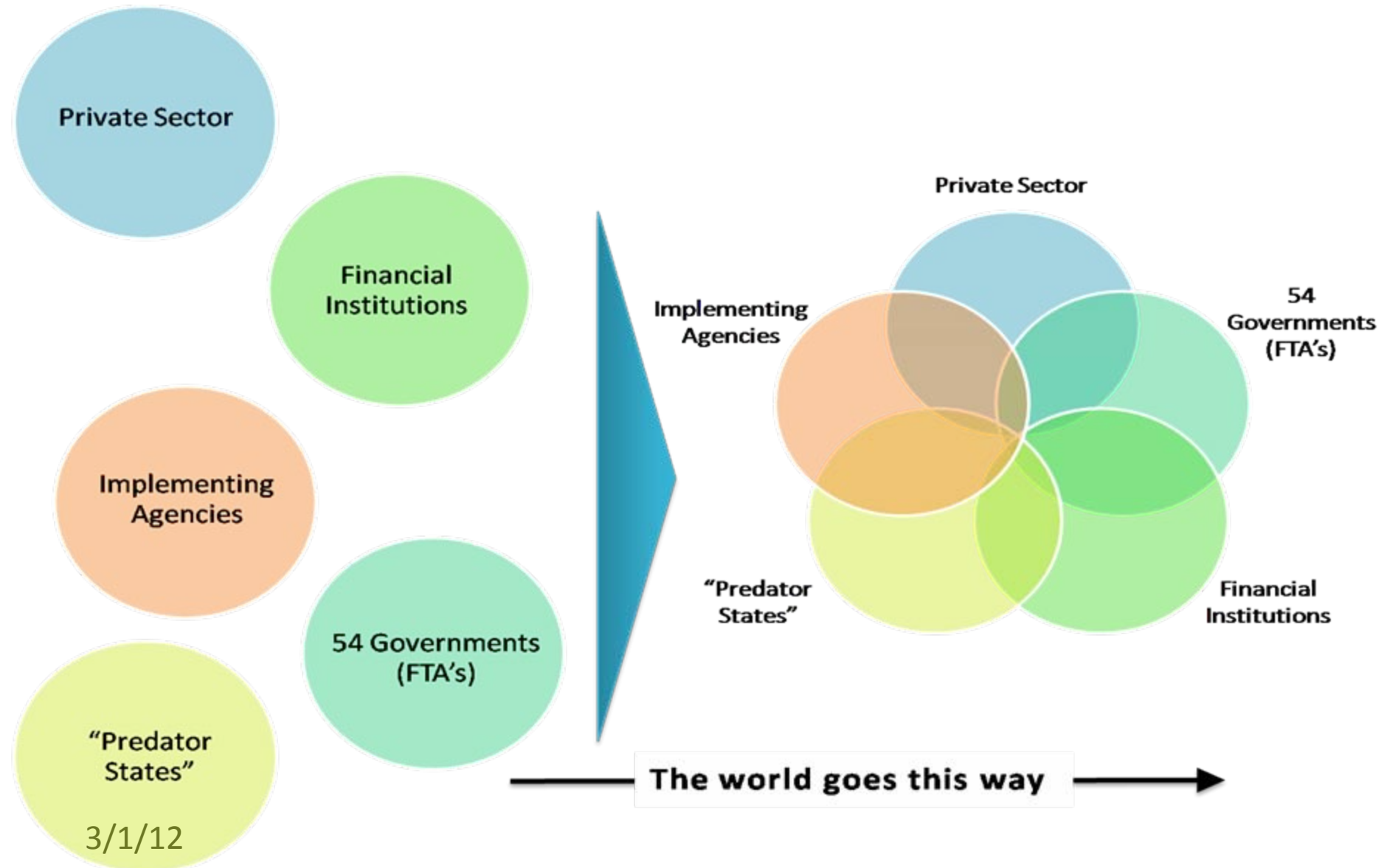
Overarching framework

- Continental Regional Integration
- Increased *inter* and *intra* continental trade
- For SA Inc-what does this strategically mean- continentally, regionally and sub regionally?
- What does it mean within context of PICCC?
- National Development Plan perspective
- Ditto:

All moving in perfect harmony...?



Imperative – a new convergence . . .



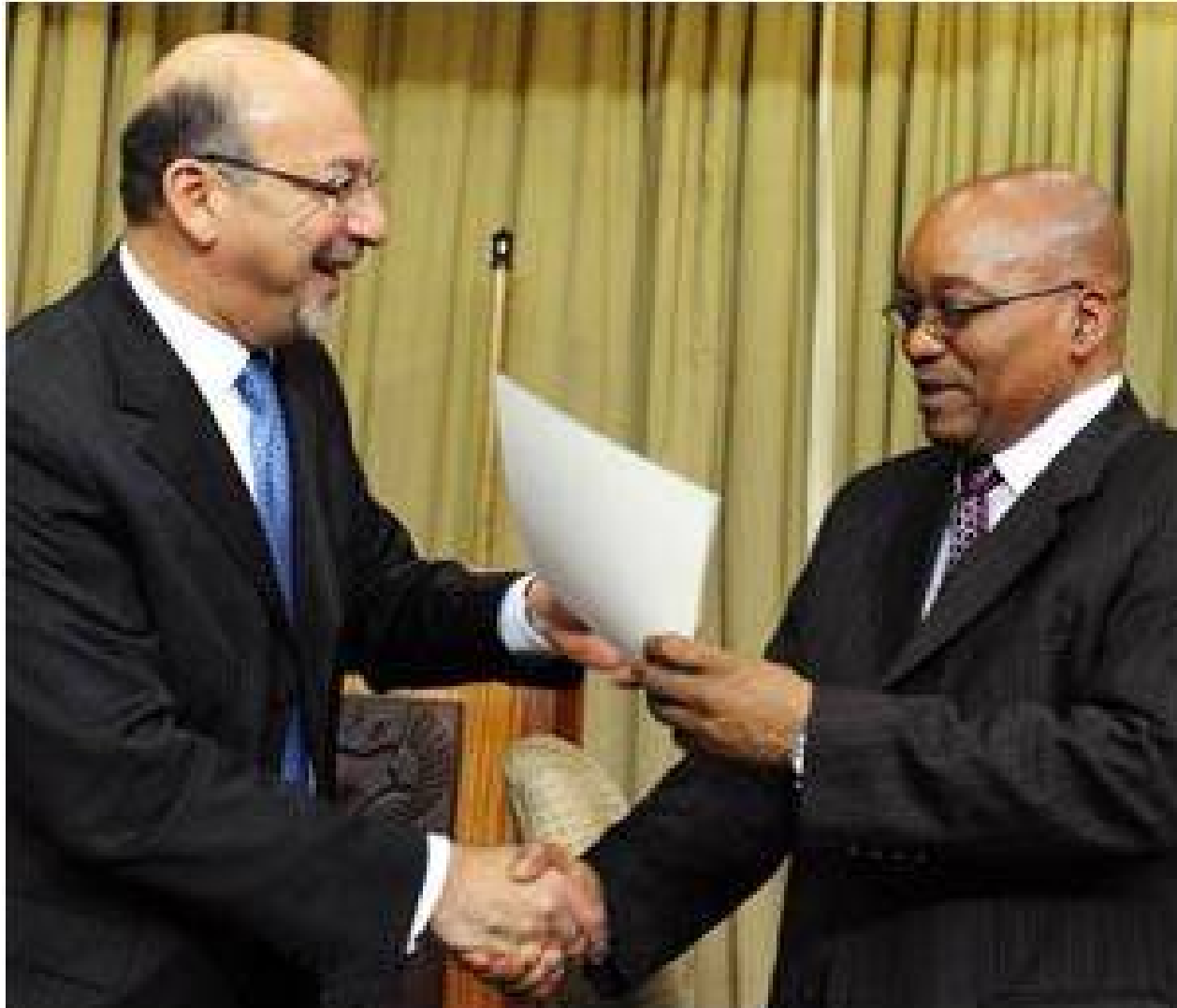
Terms of reference of PICI

SA through gravitas of President Zuma chairs AU/NEPAD Heads of State and Government High level Sub Committee on Infrastructure (“HSGOC”)



Minister in the Presidency: NRC

President anointed Minister Manuel to lead AU/NEPAD PICI Minister champions SA's leadership of the North-South Infrastructure development corridor on the continent- particularly **Road and Rail Transport**



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Objectives of HSGOC

- Tasked with prioritizing and consolidating infrastructure projects for high impact and results
- Inaugural meeting held 11 January 2011

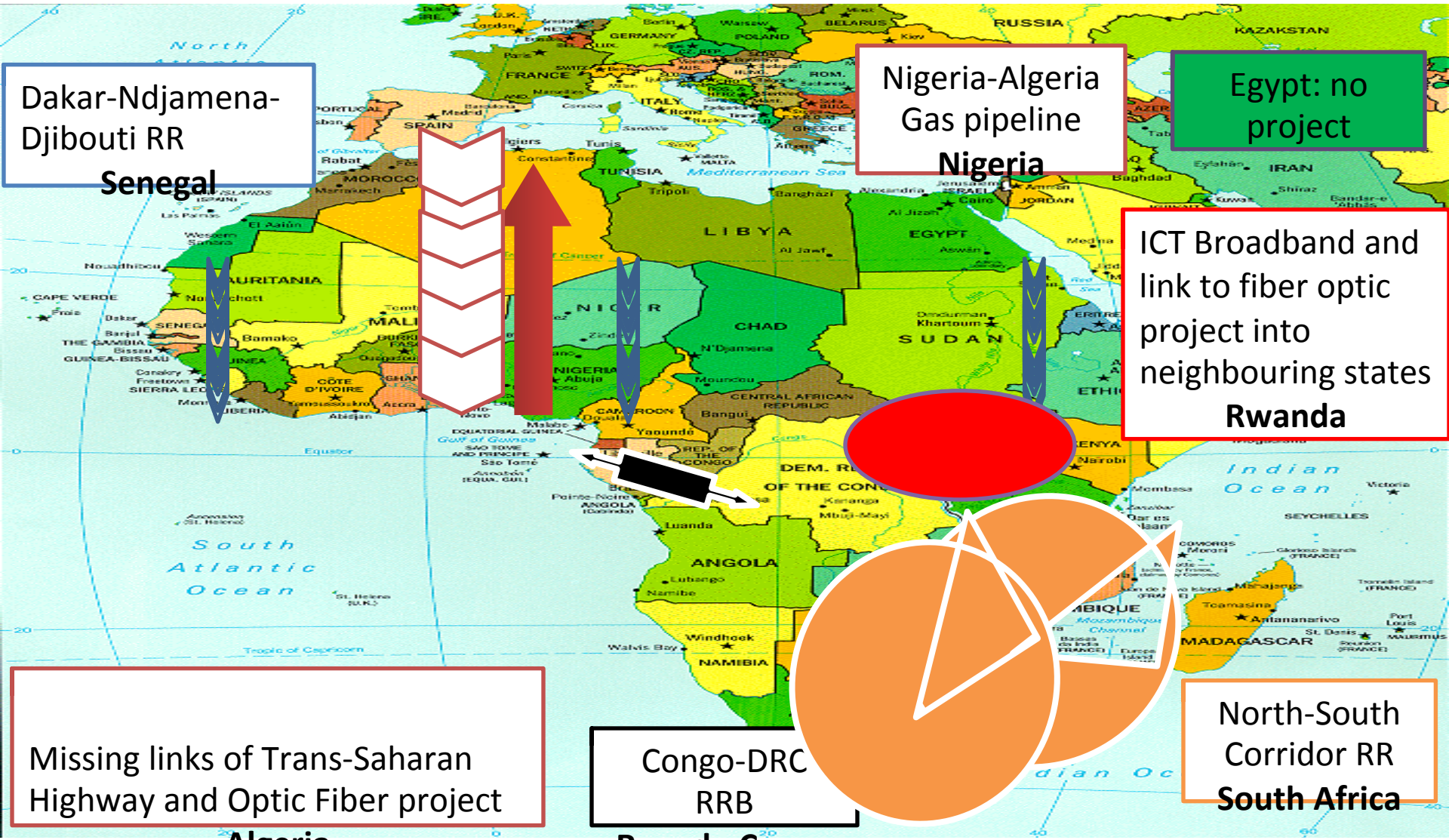
“To accelerate Regional Infrastructure development through committed political leadership, sponsoring and championing of specific regional infrastructure projects, as key prerequisite for developmental success”

The members of HSGOC

- Comprises 8 Heads of State and Government:
 - § **South Africa (Chair), Algeria, Benin, Egypt, Nigeria, Republic of Congo, Rwanda and Senegal**
- Industry sectors: Transport, Energy, ICT, Water & Sanitation, and Agriculture
- Heads of State appointed their respective Ministers to champion their selected projects

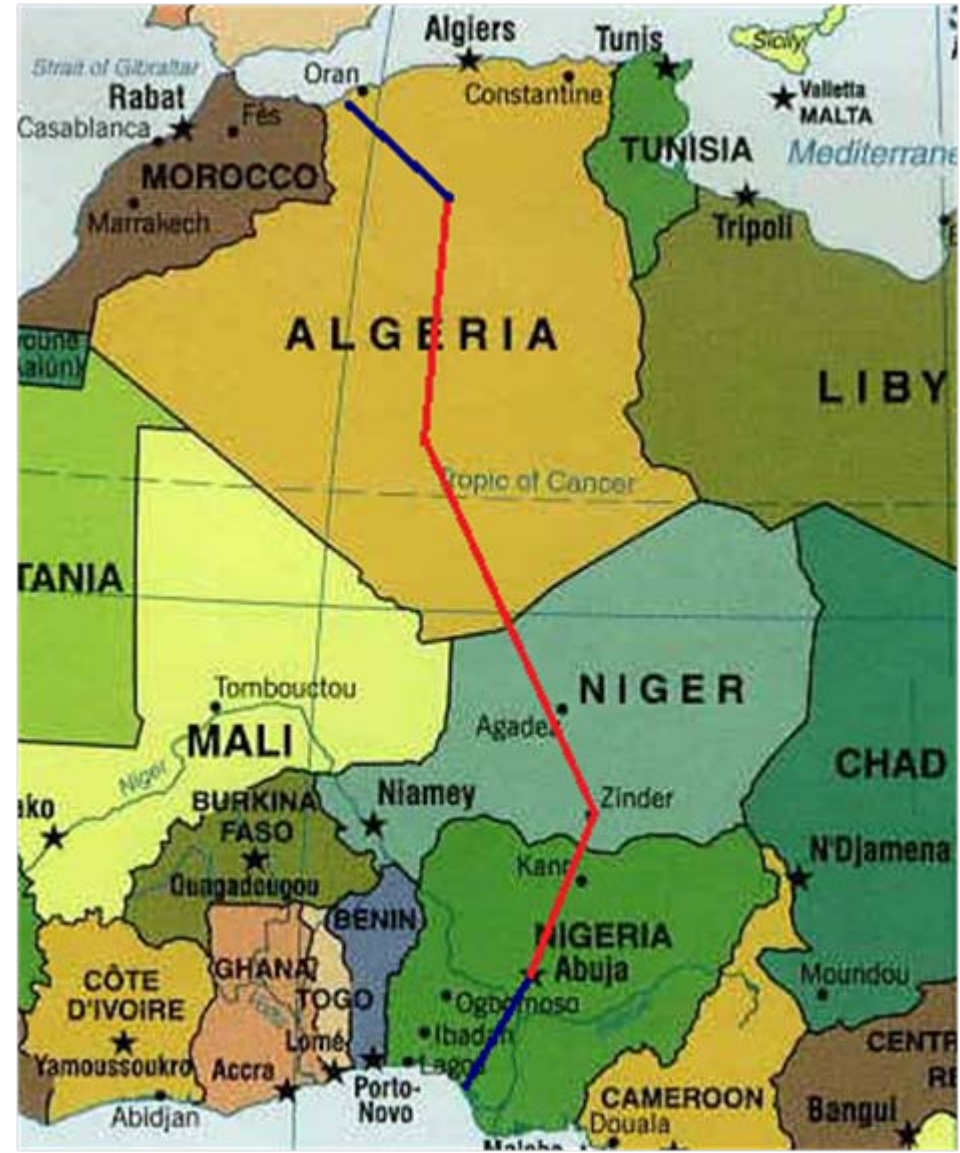
Snapshot of PICI Projects

Seven (7) Presidential Infrastructure Projects



Nigeria-Algeria Gas Pipeline

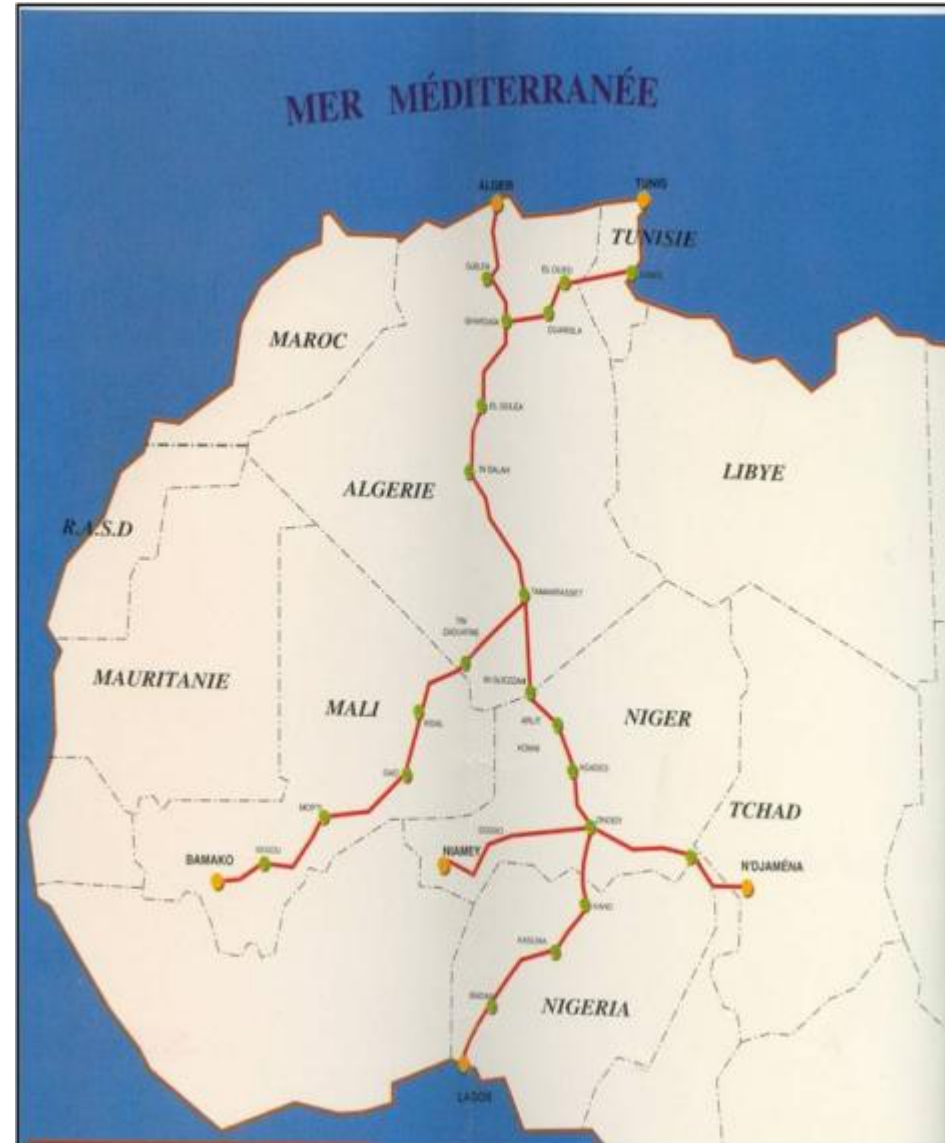
- 4 300 km of gas pipeline
- Enhances the North-South partnership
- Benefit to all countries where project go through Niger, Mali, Chad and Burkina Faso



Missing links of the Trans Sahara Road

Algeria-Nigeria

- Road links 6 countries:
Algeria,
Tunisia,
Mali,
Niger,
Chad
and Nigeria
- More than **4000 km**



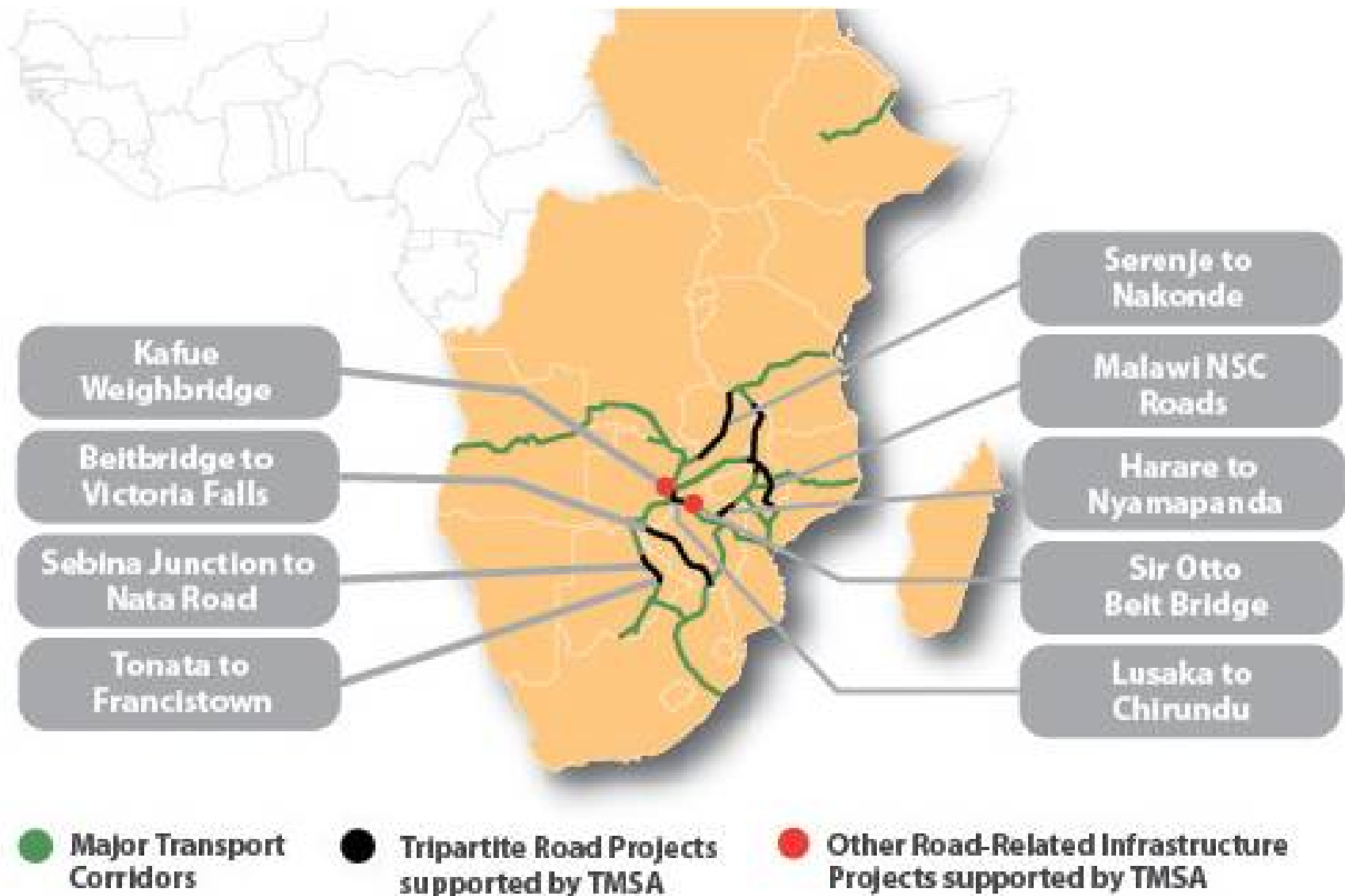
Kinshasa - Brazzaville Road and Rail Bridge

- Republic of Congo committed to complete road-rail bridge linkages between Kinshasa and Brazzaville
- MOU signed to this effect
- To commence with the sub regional integration
- ^{3/1/12} Implementation

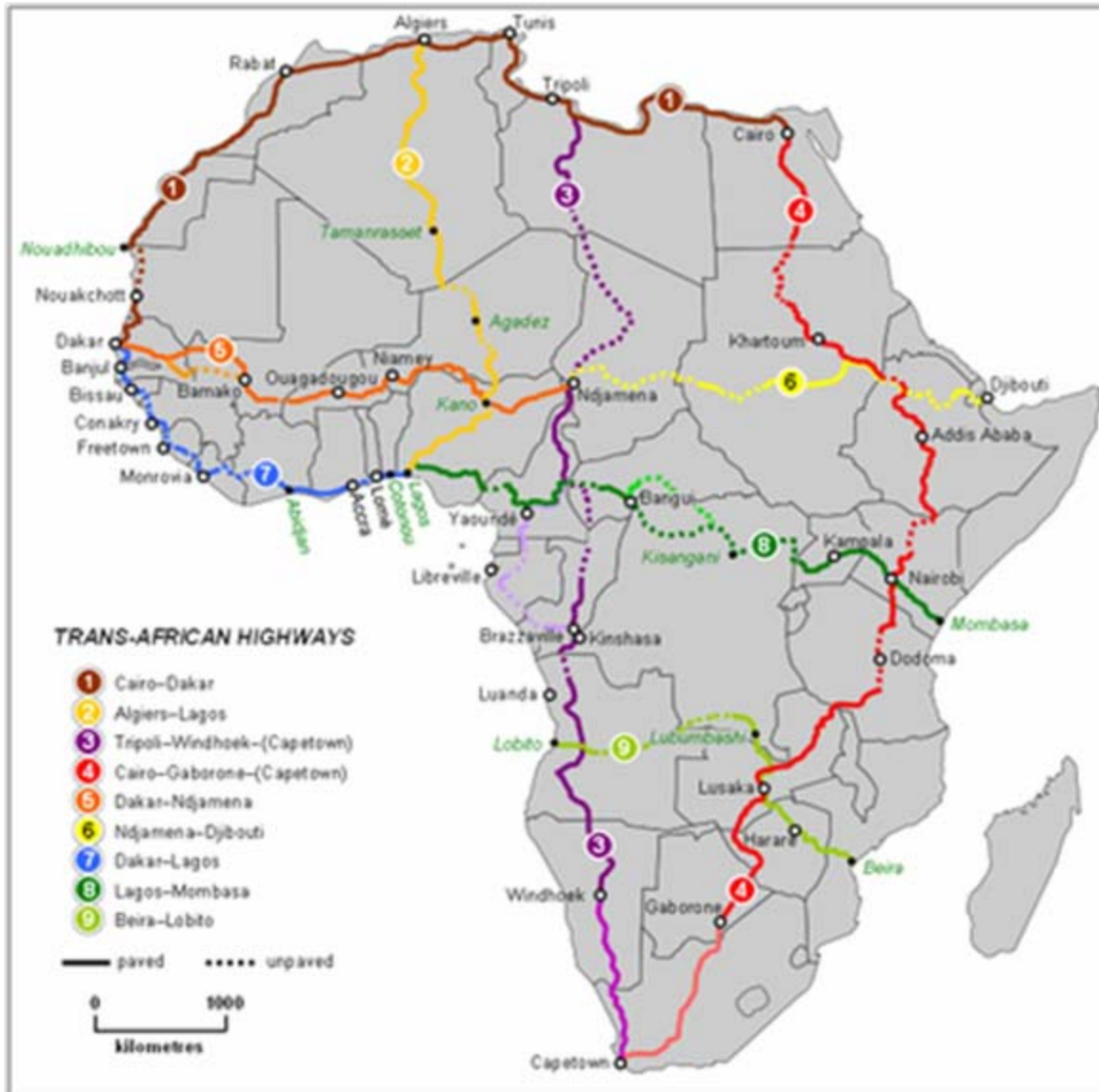


Level

The Corridor: More than the sum of its parts



The Trans-African Highway



The Corridor is Multi Modal

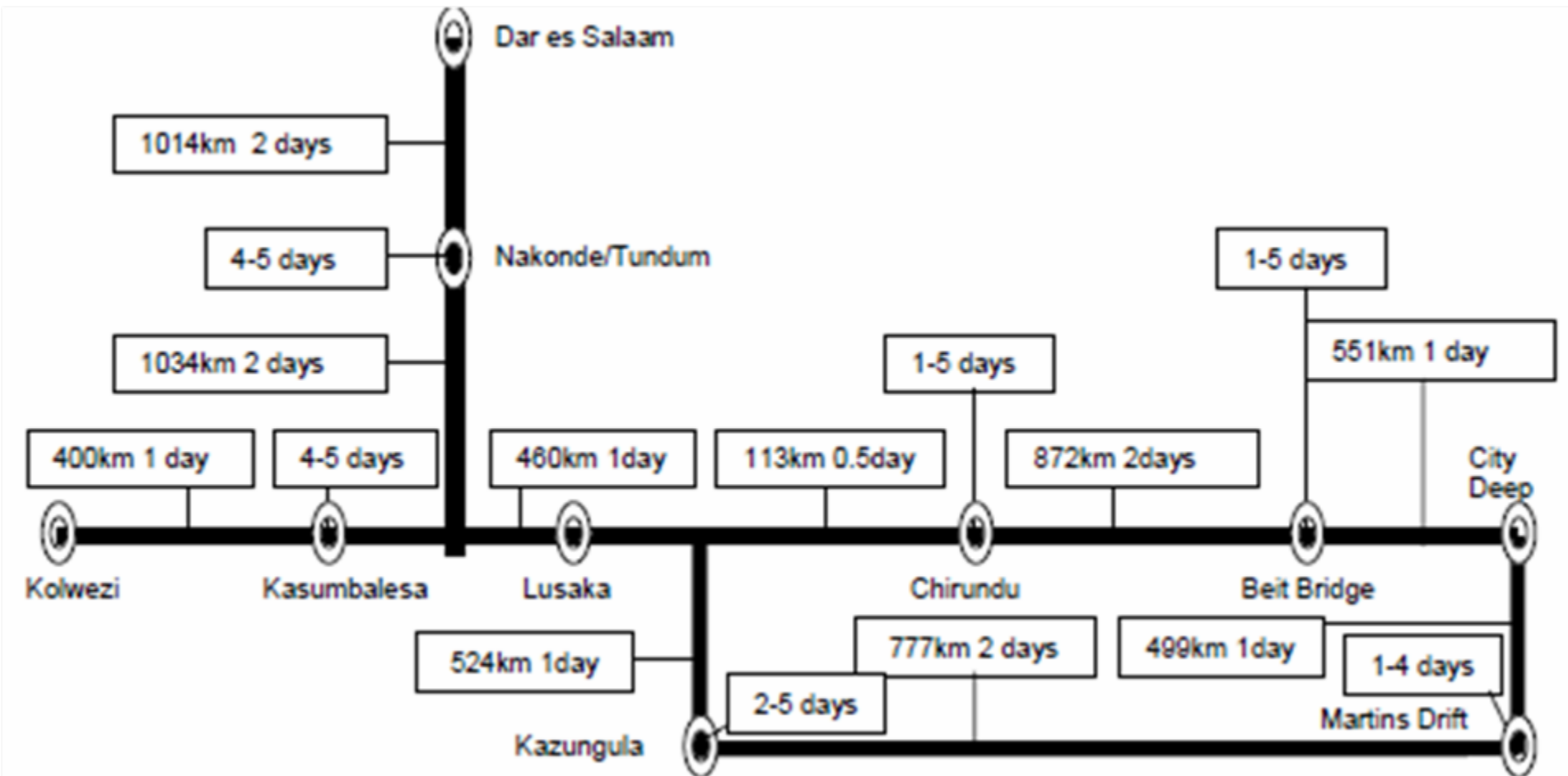


Failed Problem Statement. Transit delays

“Even today, in globalised and ever globalising world, it costs US\$5000 to ship a car from Abidjan to Addis. It takes just US\$1500 to ship that selfsame car from Japan to Abidjan”! PIDA Conference Statement.



Container from Dar to Johannesburg: 16 days



Corridor Analysis

- **Needs assessment**

- § Audit of existing projects Done/In progress

- § Progress See report

- **Scoping**

- § Road Done/In progress

- § Rail Done/In progress

- **Design**

- § Project Plans In progress

- 3/1/12
§ Resources In progress

Road Transport



The North South Corridor

- Straddles 7 sovereign states
 - § Botswana, Zimbabwe, Zambia, DRC, Malawi, Mozambique, and Tanzania (excl. SA)
 - § Anchored at harbours in Durban and Dar es Salaam
- Stretches across 3 RECs: SADC, EAC and COMESA
- In concert with the AUC, NEPAD P&CA and UNECA
- Various funding institutions
- Various multi-lateral agencies

What we know

- Projects that were financed already and/or considered for finance
- A good handle on what is happening-that which is 'disclosed' by:
 - § **DFID; AfDB; The World Bank; The EU; EIB; The DBSA; JICA, under the TICAD; The Agence Française de Développement (Afd); The Islamic Bank; ICA; UNECA; JAES**
 - § **G20 HLP** and **G8**
 - § **NSC Aid for Trade; WTO**
- We also pick up 'unofficially':

State of the Roads

- Entire North South Corridor road network est. at 8600km physically assessed and inspected
- Roads categorised into those:
 - § in need of immediate attention (red category)
 - § requiring attention in 2-5 years (amber category) and
 - § in good condition require only routine maintenance in medium term (green category)
- Assessment identified major bottlenecks
- Suggested a strong focus on immediate need to rehabilitate red category roads

Road assessment

- November 2010 (last time a full physical inspection of road network was done) 8600 km of road network across the corridor comprised of:
 - § 2403 km of **good** roads
 - § 5156 km of roads in good or fair condition, but in need of **upgrading or rehabilitation in the next 2-5 years**; and
 - § 1041 km of roads in need of **immediate rehabilitation or upgrading**
- Under maintenance and rehab backlogs

Pinch points



Rail Transport



State of the Rail

- Biggest concern-Rail
- Atop the list-get rail linkages to work better and more effectively!
- Africa a huge landmass well suited to railroads- yet during last 50 years Africa's rail network, not being extensive to start with, further shrunk
- Challenge these issues: failing which key lever to boost intra regional trade remain inadequate and a pipe dream?

Rail assessment

- Rail concessioning not yielded desired results-viewed as a **failure**
- Concessionaires operating in air of conflict-complaints of non-performance on all sides
- Investments not flowing-modest traffic volumes
- Traffic projections and budgets are off targets-rail accounts for 5% of cargo-unsustainable
- Need more innovative solutions

Rail

In need of “volume”



General trends

- No Brainer: ***“Transport infrastructure a vital component and key enabler to harness intra African trade”***
- Networks are multi dimensional and complex
- Inadequacy of roads and rails - transport costs highest in world
- Landlocked country: costs input 70% of value of exports
- Weak regional and continental value chains
- ^{3/1/12}Weak local production strategies

Constraints

- Preliminary Issues:
 - § Inadequacy of trade related infrastructure
 - § Differences in trade regimes
 - § Restrictive customs procedures
 - § Administrative and technical barriers
 - § Lack in skills and productive capacity
 - § Limited access to trade finance
 - § Unreliable trade information

Critical success factors

- To fast track intra African trade:
 - § Adopt/implement coherent and efficient policies
 - § Develop innovative legal, financial and related mechanisms
 - § Unblock trade facilitation constraints
 - § Simplify trade procedures
 - § Reduce costly transit systems by 50%
 - § Find the bankable projects
 - § Implementation

Finance issues

- Major constraint: inadequacy of financing mechanisms
- Multiplicity of inconvertible currencies
- Underdevelopment of regional financial institutions
- Lack of credit and guarantee for cross border trade
- Easier to secure finance for trade outside Africa
- **Trade information**
 - Bridge the gap to enhance trade

Challenges

- Infrastructure projects remain unattractive for private sector investors-**why?**
- Unrelenting reliance on governments and donors/DFIs- where is the private sector?
- Donors and DFIs pledged US\$1.2b for corridor but has not been disbursed 4 years later-**why?**
- Clear need to establish a common funding framework for infrastructure-PPPs as a concept still has some way to go

Toward June 2012 and beyond

- Call RECs to account
- Involve and engage all countries affected by PICI
- On the North South Corridor agree:
 - § Roads-what is to be done, by whom and by when
 - § Rail-what is to be done, by whom and by when
- Map an implementation framework
 - § Prepare bankable projects for funding
- De-fragment Africa/Domestic Resources

Questions

