



**AUDA - NEPAD**  
AFRICAN UNION DEVELOPMENT AGENCY



**PIDA**  
INTERCONNECTING  
INTEGRATING & TRANSFORMING

# Service Delivery Mechanism

## Presentation to PIDA Focal Points

Ibrah Wahabou, PIDA SDM Manager  
23 September 2020



# Content of the Presentation

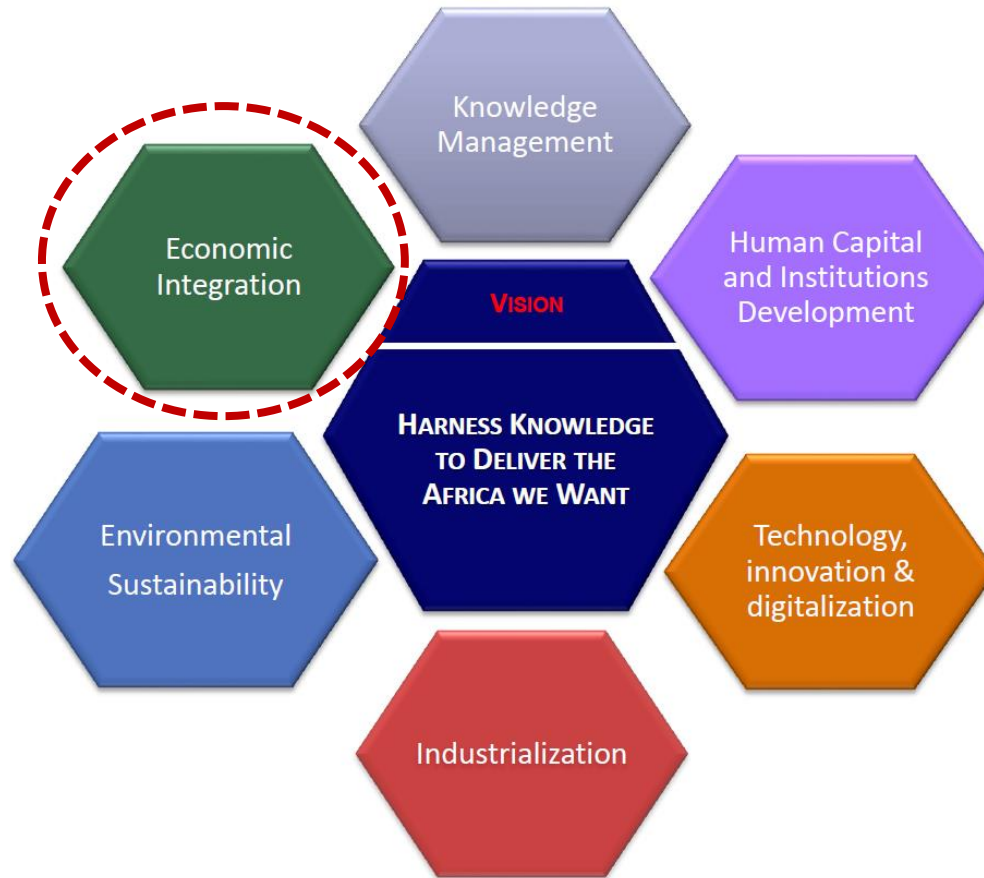
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# **Introduction**

***AUDA-NEPAD***  
***Economic Integration Division***  
***PIDA Service Delivery Mechanism (SDM)***

# African Union Development Agency-NEPAD

## Vision, Mission and thematic focus



**Mission:** TO PROVIDE A PLATFORM FOR AFRICAN COUNTRIES AND REGIONAL ECONOMIC COMMUNITIES IN ORDER TO ENSURE THE EFFECTIVE AND INTEGRATED PLANNING,

CO-ORDINATION, AND IMPLEMENTATION OF AGENDA 2063

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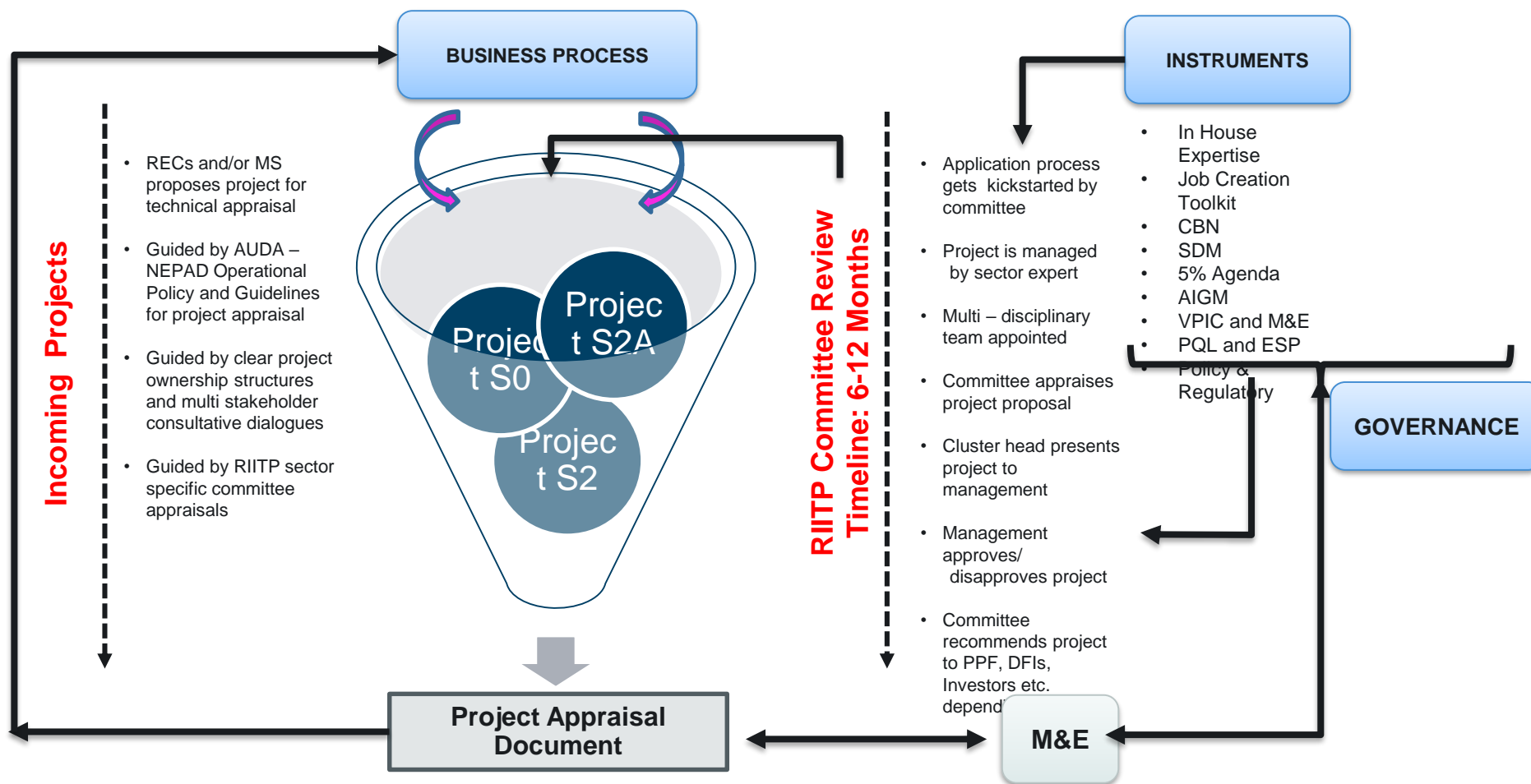
# AUDA-NEPAD Economic Integration Division

## Overall Delivery Model



# AUDA-NEPAD Economic Integration Division

## Overall Delivery Model



# About the PIDA Service Delivery Mechanism (SDM)

## Assembly/AU/Dec.563(XXIV)

*18. ENDORSES in the context of the Dakar Agenda for Action, the PIDA Implementation Acceleration Strategy (PAS) and the PIDA Service Delivery Mechanism (SDM) developed by the NPCA and AUC in conjunction with AfDB, ECA, RECs to implement the Dakar Agenda for Action, **focusing on early infrastructure project preparation and increased bankability of the PIDA Priority Action Plan (PAP): 2020 projects.***

ASSEMBLY OF THE UNION, Twenty-Fourth Ordinary Session, 30 - 31 January 2015, Addis Ababa, ETHIOPIA

# PIDA Infrastructure The Service Delivery Mechanism (SDM) within AUDA-NEPAD

## SDM at the heart of the Economic Integration Department

A process designed to support member states to *quickly* advance multiple PIDA projects to implementation stage and assist in *unlocking difficult challenges*.

### SDM as part of EI AUDA-NEPAD value chain



### STRATEGIC FIT TO THE NEW AUDA MANDATE

# SDM FUNCTIONS

## I Core Functions

**Project Development:** Process of planning, organising, coordinating and controlling the available SDM resources to assist and recommend to project owners in the development of their projects, with the ultimate goal of moving projects from pre-feasibility to bankability stage.

1) Early Stage Projects	2) Project Preparation Facilities (Pre feasibility) Stage Projects	3) Advanced Stage Projects
Evaluate candidate projects to provide project bottleneck analysis and identify project preparation gaps to finally provide applicants with a Project Concept Memorandum that addresses the project characterization, strengths and weaknesses.	Identify potential PPF's interested in the project. Preparation of the PIM and identification of the submission requirements for a specific PPF. Finally, prepare the PPF submission.	Analyse options to secure the financing viability gap and classify projects by their attractiveness to the private sector or determine whether they should be financed by the public sector.

**Project Advisory services:** Assist project owners in specific project bottlenecks, which are hindering its adequate development. The assistance will solve transversal or particular sector issues, financial structuring and measures to ease institutional arrangements.

a) Technical Expert Pool	b) Institutional Arrangements (Enabling Environment)
Solve specific project bottlenecks by offering a pool of sectorial experts in Energy, Transport, Water and ICT, as well as, a transversal pool of experts in Legal, Gender and Social inclusion, Climate change, Tariff & regulatory framework, Employment promotion and other aspects, as required.	Establish formal institutional, legal and procedural relationships between SDM and other stakeholders and MS, to solve political issues and secure a mutual commitment in the development of projects.
c) Finance, Early Structuring & Risk	
<b>Financial Modelling:</b> Analyse project cash flows, balance sheets performing sensitivity analysis on them to assess its financial viability and fulfilment.	<p><b>Early Structuring:</b> Propose and structure the projects with the necessary initial funds and financial instruments to assist project owners to develop the project optimally.</p> <p><b>Risk Modelling &amp; Mitigation:</b> Determine possible risks during the development of a project, by assessing its likelihood and impact of occurrence. Also consider the required mitigation measures to minimize their potential impact.</p>

# SDM FUNCTIONS – BRIEF DESCRIPTION

II

## Corporate Functions

### Monitoring and Reporting

Reporting aims to inform on the progress of projects with respect to existing plans and Monitoring is organized to evaluate the progress of projects for managerial decision purposes. Both are achieved by applying an effective reporting and monitoring process to cover administrative, operational and effectiveness aspects of the SDM unit.

### Knowledge Management

Develop initiatives, processes, and documentation systems that sustain and enhance the storage, assessment, sharing, refinement, and creation of knowledge, for present and future needs of the organization. Knowledge Management in SDM will be established for the purpose of creating value and meeting operational and strategic objectives.

### Stakeholder Engagement

**Stakeholder Engagement:** Analyse the different stakeholder needs and plan and execute the actions defined to engage and align them with SDM objectives and goals. Three sub-functions are structured to fulfil this goal: partners management, investor relationship and communication & advocacy

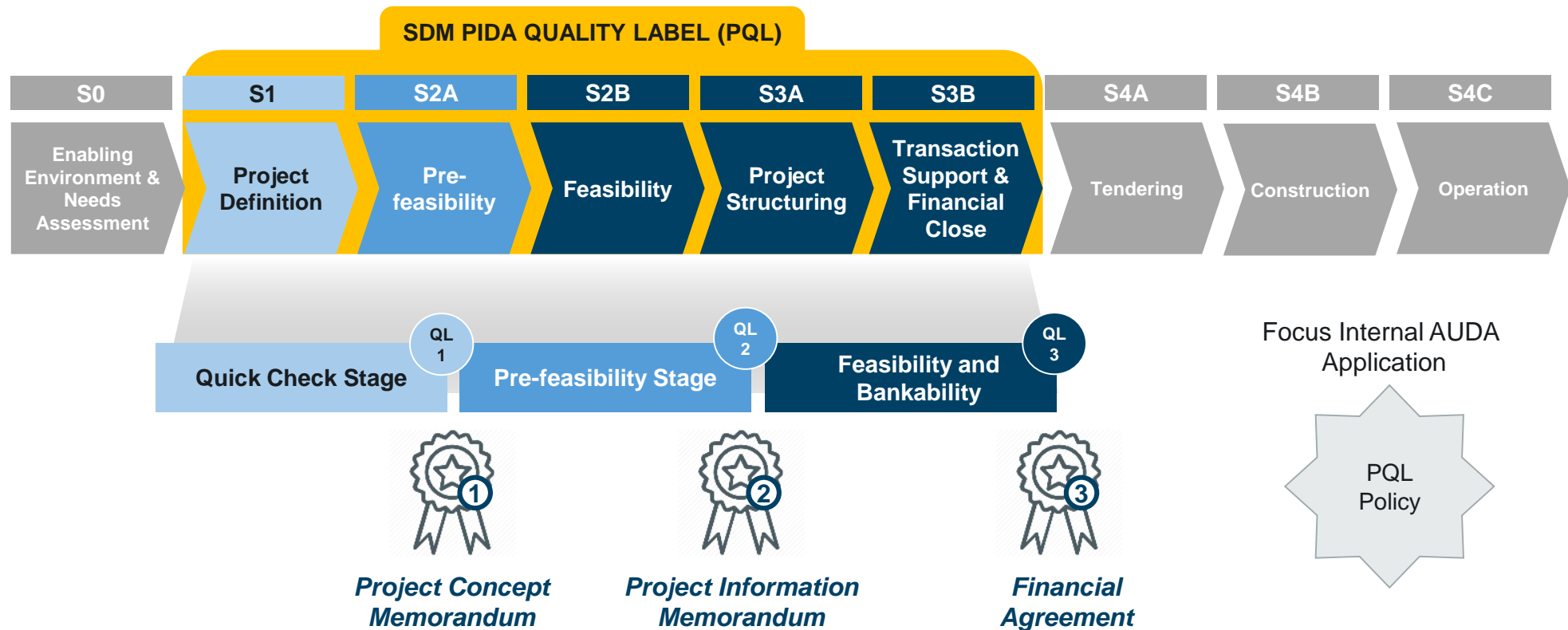
**Partners Management:** Ensure that there is a system in place for optimal relationship and close liaison in efforts between Partners and the SDM.

**Investor Relationship:** Integrate finance, communication and marketing to enable the most effective two-way engagement between SDM and financial institutions.

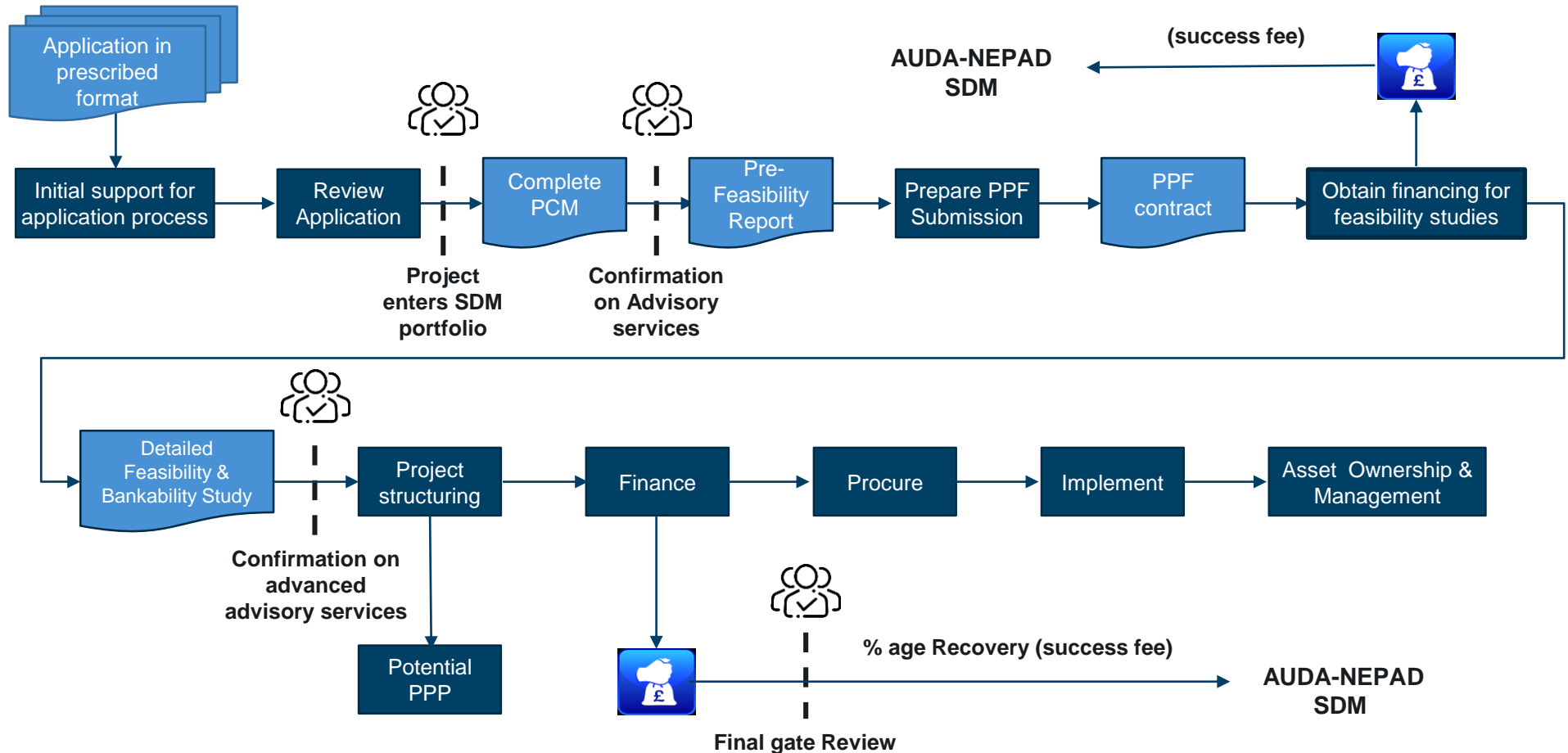
**Communication & Advocacy:** Establish communication strategies to disseminate the activities and services offered by SDM, or alternatively to facilitate their execution.

# SDM Project Screening methodology

The SDM PIDA Quality Label is a quality recognition by the SDM, awarded to projects that excel in the preparation of PIDA projects at early stages



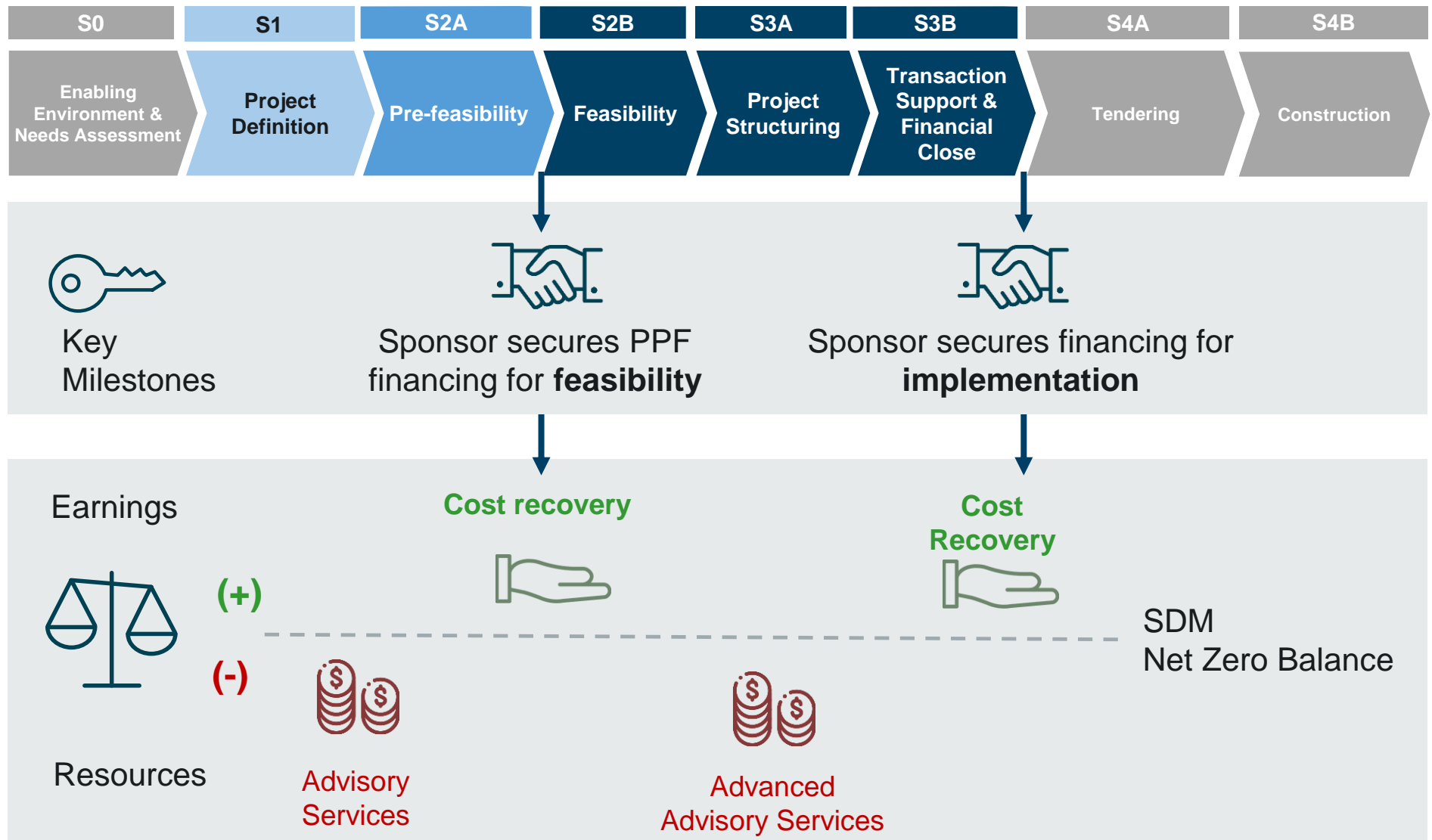
# SDM Business process and decision-making flow



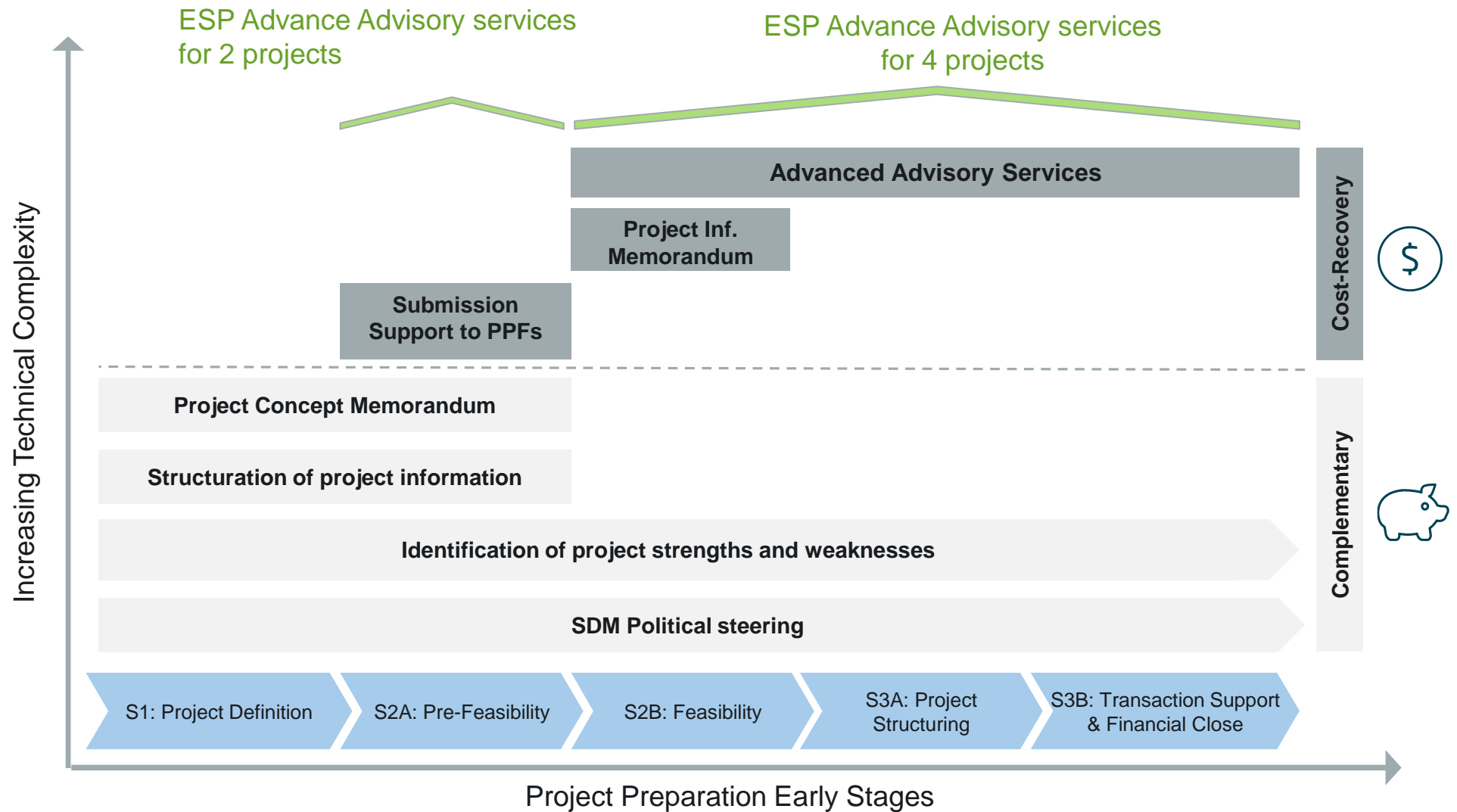
Continuous communication with the Project Sponsor as the project progresses

# SDM Business model in the project cycle

(Recover actual cost not profit making)






# Products and services offered by the SDM



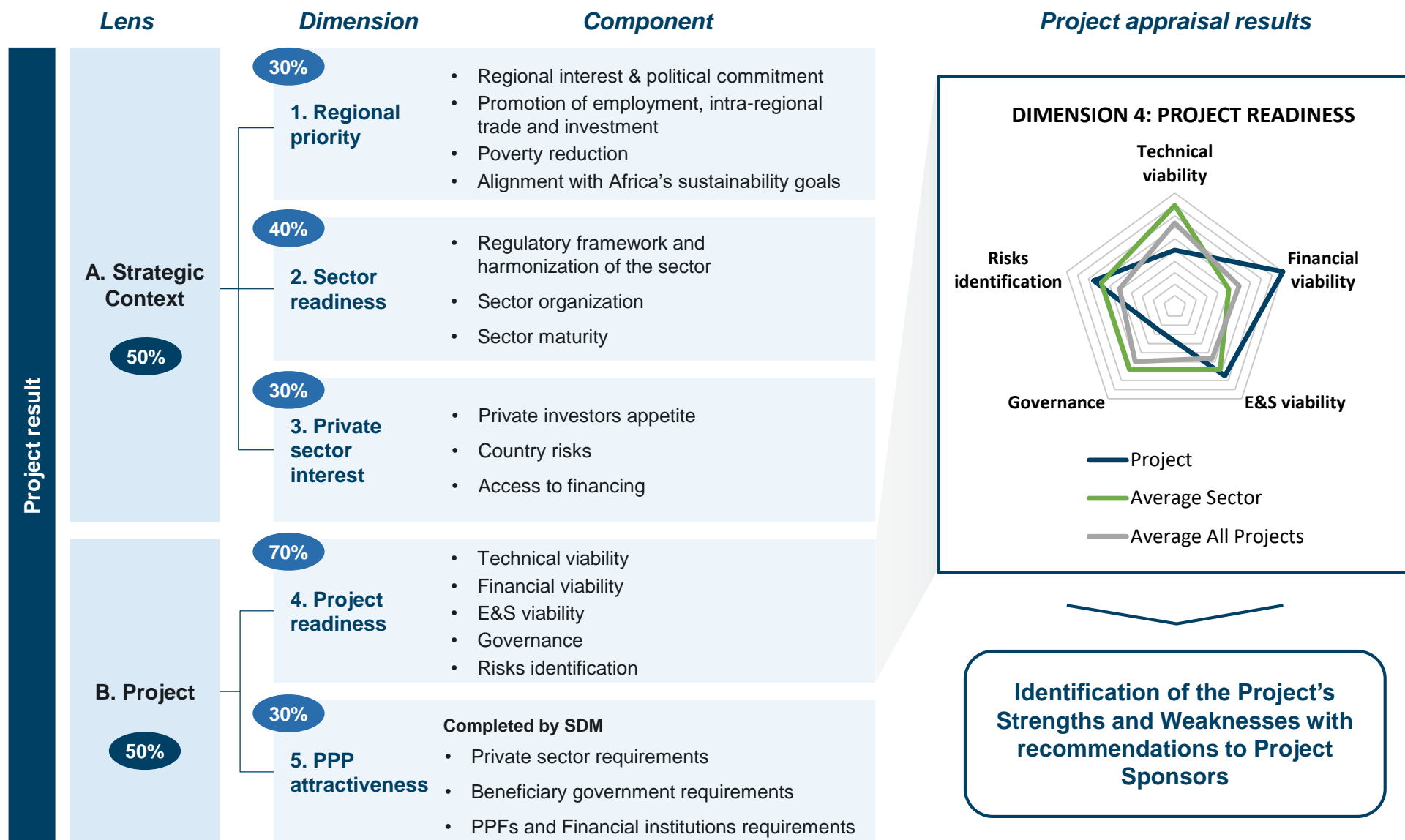
**SDM services focused on early and advanced stages towards implementation**

# SDM Quick Check Methodology (QCM)

# SDM Quick Check Methodology (QCM) steps (Data Dependent)

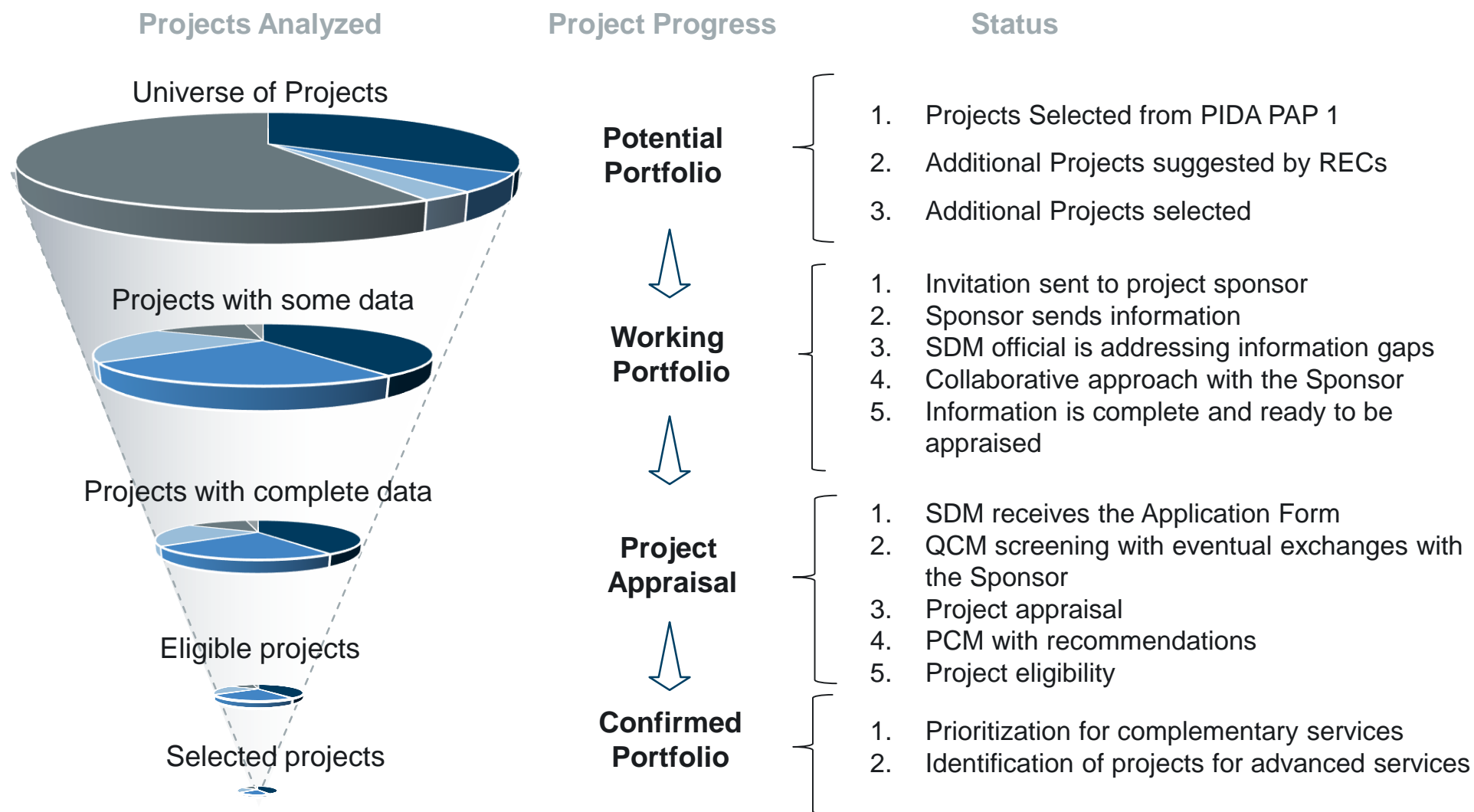
	Eligibility		Appraisal
	 <b>Entry</b> QL 1a	 <b>Screening</b> QL 1b	 <b>Evaluation</b> QL 1c
Purpose	<ul style="list-style-type: none"> <li>• <b>Check compliance</b> with basic eligibility criteria and information requirements</li> <li>• <b>Help applicants</b> to gather and structure information in a systematic manner</li> </ul>	<ul style="list-style-type: none"> <li>• Identify <b>missing</b> project justification elements and reject unsuitable projects</li> <li>• Check that the <b>project complies with minimum requirements</b> in key variables</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Assess the project's early stage weaknesses and strengths</b></li> <li>• <b>Evaluate</b> projects according to different variables (region, sector...)</li> <li>• Lay out a <b>roadmap</b> for projects to <b>secure successful access to PPF</b></li> </ul>
Key steps	<ul style="list-style-type: none"> <li>• Application submission and review</li> <li>• Decision communication</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer input data from Project Data Sheet (PDS) to SDM's analytical tool</li> <li>• Verify that score threshold for relevant dimensions is achieved</li> <li>• Communicate refusal or go-ahead</li> </ul>	<ul style="list-style-type: none"> <li>• Issue a draft <b>Project Concept Memorandum (PCM)</b> for committee assessment</li> <li>• Evaluate and compare projects</li> <li>• Issue committee recommendations</li> </ul>
Input / Output	<ul style="list-style-type: none"> <li>• Input: QL1a form and <b>Project Data Sheet (PDS)</b></li> <li>• Output: Entry/No entry</li> </ul>	<ul style="list-style-type: none"> <li>• Input: Project Data Sheet (PDS)</li> <li>• Output: Eligibility / Non-eligibility to appraisal phase</li> </ul>	<ul style="list-style-type: none"> <li>• Input: SDM <b>Early-stage Project Preparation Toolkit, PPFs , DFIs</b></li> <li>• Output: PCM and next steps recommendations from the committee</li> </ul>
Timeline	5 days		1 month

# The SDM Quick Check Methodology (QCM) evaluation tree in a nutshell



# SDM Implementation Plan

## Project progress and status along the SDM pipeline



# SDM Application process

## Potential portfolio

Represents the universe of selected projects eligible for SDM advisory services

## Working portfolio

Assigned projects currently under evaluation to receive SDM advisory services

## Confirmed portfolio

Confirmed projects with the SDM commitment to provide advisory services



### ACTIVE CHANNEL

Invitation sent to the Project Sponsor

- An **official letter** is sent to Project Sponsor for selected projects PIDA PAP 1 projects that are at early stage
- **Applications forms** and executive documentation on the PQL is shared with sponsors
- Communications & **virtual meetings** sent to project sponsors to support them during the application process



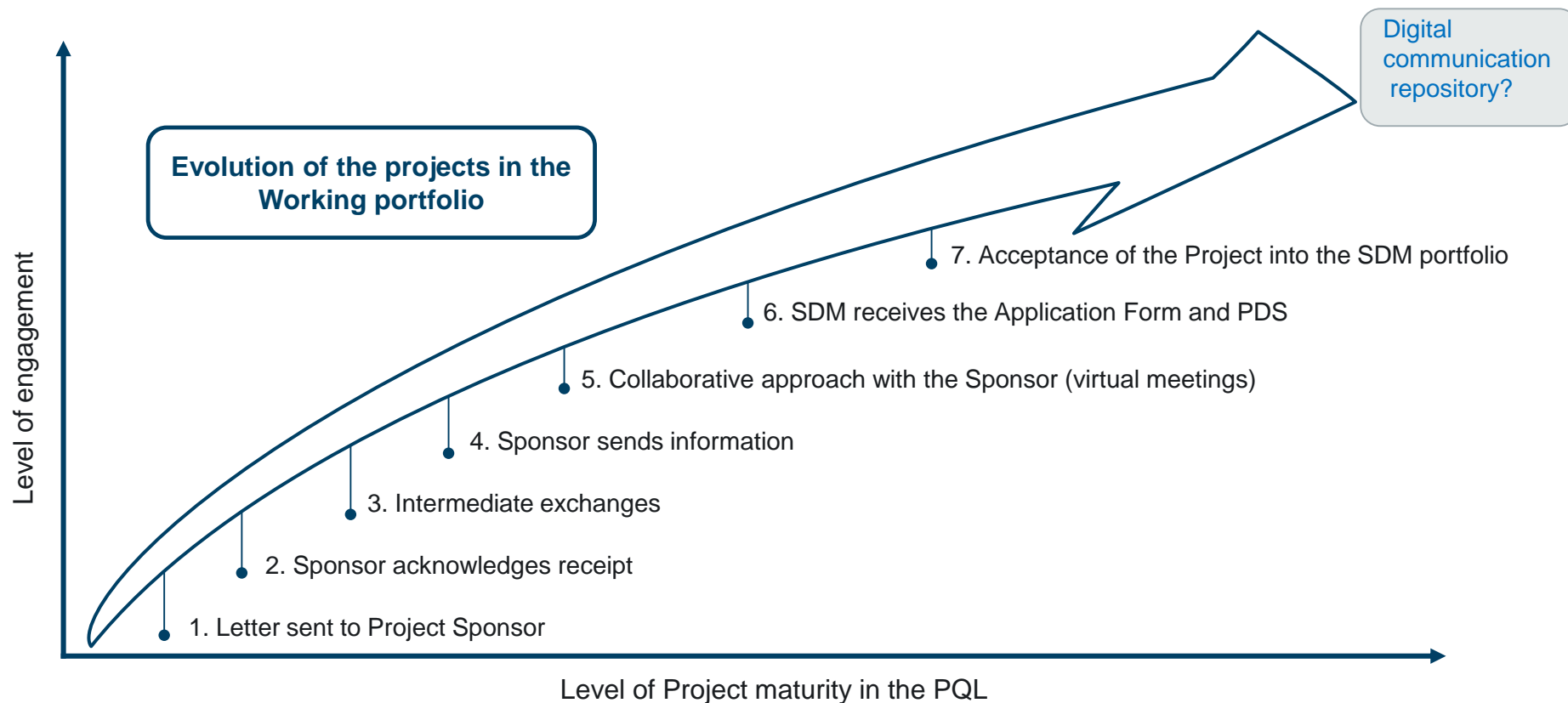
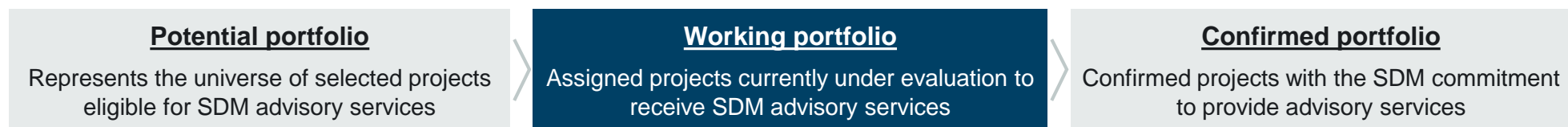
### PASSIVE CHANNEL

Project Sponsor submission through the VPIC

- SDM services are **advertised** through AUDA-NEPAD **website**
- Sponsors **fill online the Application Form** directly from AUDA-NEPADs website
- Sponsors can also **download the application** form and then send it to SDM focal point
- SDM **filters** eligible applications based on pre-established project lenses

**In both cases, Project Sponsors fill two key documents: (i) Application Form and (ii) the Annex to the Application Form (the Project Data Sheet)**

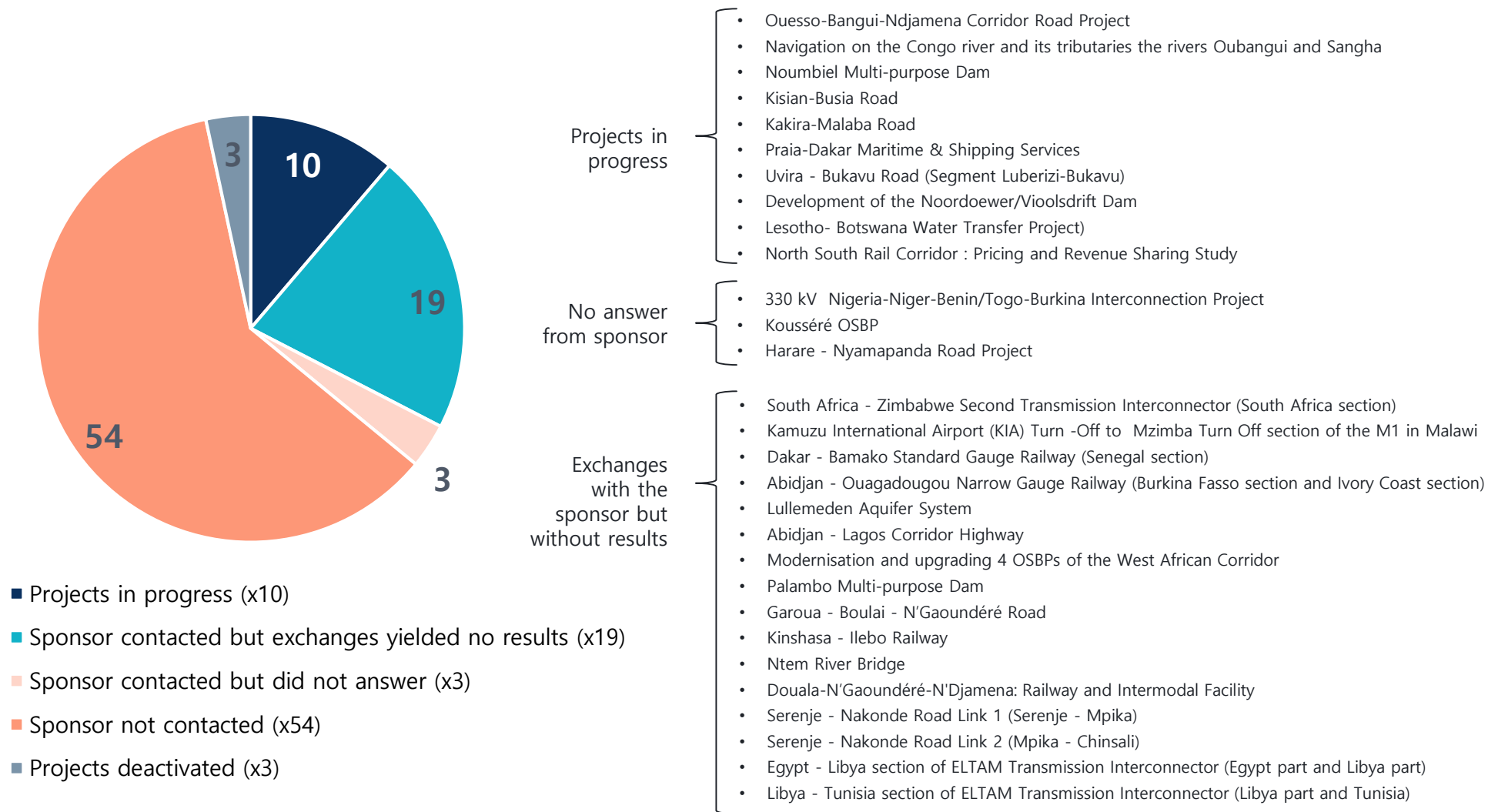
# SDM Communication steps with the Project Sponsors



**The SDM Projects Monitoring Tool allows to track all the phases of a Project along the PQL**

## Current SDM Portfolio

# Total of 89 projects in the Monitoring Dashboard



SDM portfolio comprises a total of 89 projects at different levels of interaction with Project Sponsors

## SDM portfolio (89 projects) grouped in four categories



SDM proposes a different course of action for each category to optimize the allocation of resources

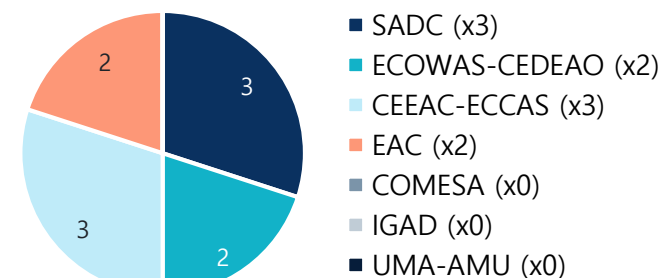
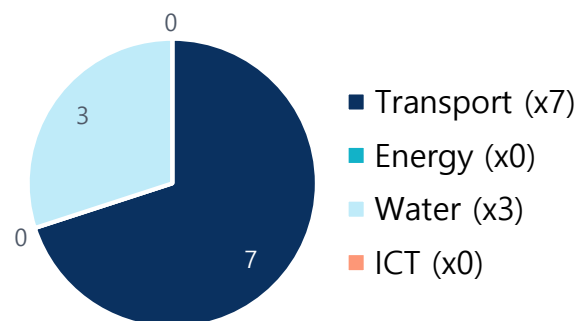
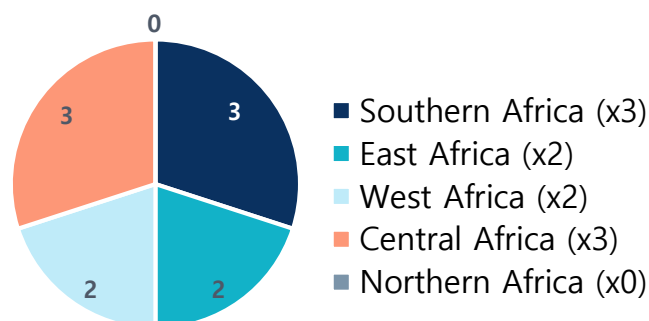
# Snapshot of Category I: projects in progress (x10)

## Project Name

## Status

- Ouesso-Bangui-Ndjamena Corridor Road Project
- Navigation on the Congo river and its tributaries Oubangui & Sangha
- Noumbiel Multi-purpose Dam
- Kisian-Busia Road
- Kakira-Malaba Road
- Praia-Dakar Maritime & Shipping Services
- Uvira - Bukavu Road (Segment Luberizi-Bukavu)
- Development of the Noordoewer/Vioolsdrift Dam
- Lesotho- Botswana Water Transfer Project)
- North South Rail Corridor : Pricing and Revenue Sharing Study

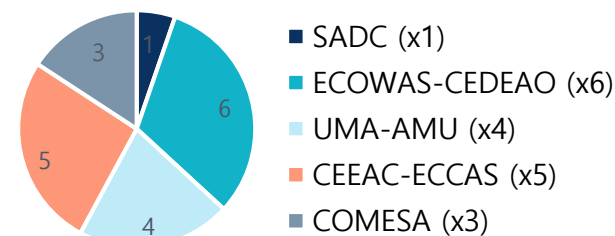
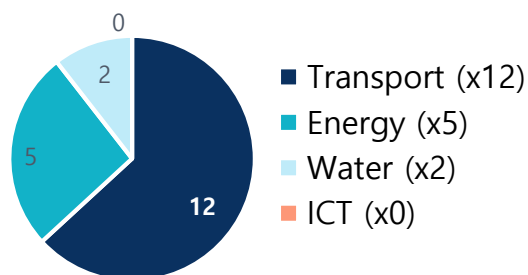
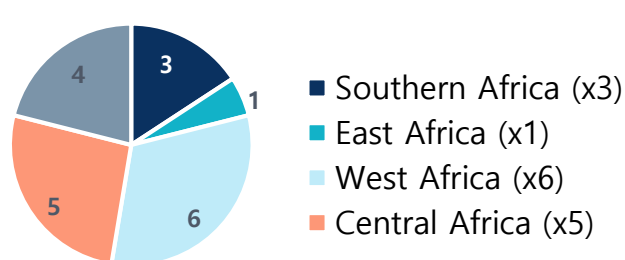
- Presented to the TC and commitment letter sent to sponsor
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- Presented to the TC and Intermediate exchanges with sponsor
- Intermediate exchanges with the sponsor (application to be filled)
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- Intermediate exchanges with the sponsor (application to be filled)



Projects currently in progress lacking representation in Northern Africa and Energy & ICT sectors

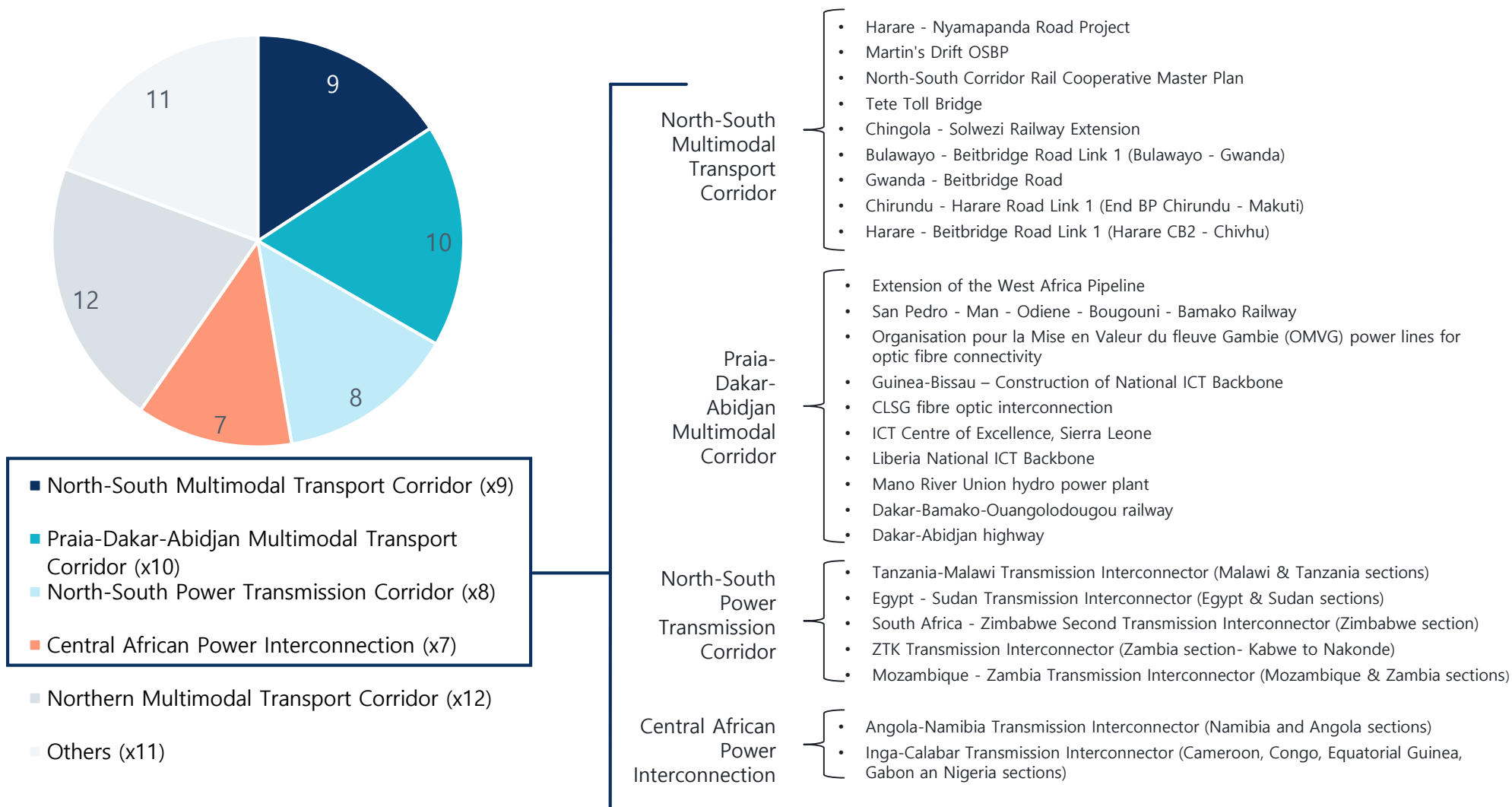
# Snapshot of Category II: Sponsor contacted but without yielding results (x19)

Project Name	Region	Sector	REC
• <b>South Africa - Zimbabwe Second Transmission Interconnector (South Africa section)</b>	South Africa	<b>Energy</b>	SADC
• Kamuzu International Airport (KIA) Turn -Off to Mzimba Turn Off section of the M1 in Malawi	East Africa	Transport	COMESA
• Dakar - Bamako Standard Gauge Railway (Senegal section)	West Africa	Transport	ECOWAS-CEDEAO
• Abidjan - Ouagadougou Narrow Gauge Railway (Burkina Fasso section and Ivory Coast section)	West Africa	Transport	ECOWAS-CEDEAO
• Lullemeden Aquifer System	West Africa	Water	ECOWAS-CEDEAO
• Abidjan - Lagos Corridor Highway	West Africa	Transport	ECOWAS-CEDEAO
• Modernisation and upgrading 4 OSBPs of the West African Corridor	West Africa	Transport	ECOWAS-CEDEAO
• Palambo Multi-purpose Dam	Central Africa	Water	CEEAC-ECCAS
• Garoua - Boulai - N'Gaoundéré Road	Central Africa	Transport	CEEAC-ECCAS
• Kinshasa - Ilebo Railway	Central Africa	Transport	CEEAC-ECCAS
• Ntem River Bridge	Central Africa	Transport	CEEAC-ECCAS
• Douala-N'Gaoundéré-N'Djamena: Railway and Intermodal Facility	Central Africa	Transport	CEEAC-ECCAS
• Serenje - Nakonde Road Link 1 (Serenje - Mpika)	South Africa	Transport	COMESA
• Serenje - Nakonde Road Link 2 (Mpika - Chinsali)	South Africa	Transport	COMESA
• <b>Egypt - Libya section of ELTAM Transmission Interconnector (Egypt part and Libya part)</b>	<b>North Africa</b>	<b>Energy</b>	UMA-AMU
• <b>Libya - Tunisia section of ELTAM Transmission Interconnector (Libya part and Tunisia)</b>	<b>North Africa</b>	<b>Energy</b>	UMA-AMU



SDM efforts focused on reactivating projects on Energy Sector and Northern Africa

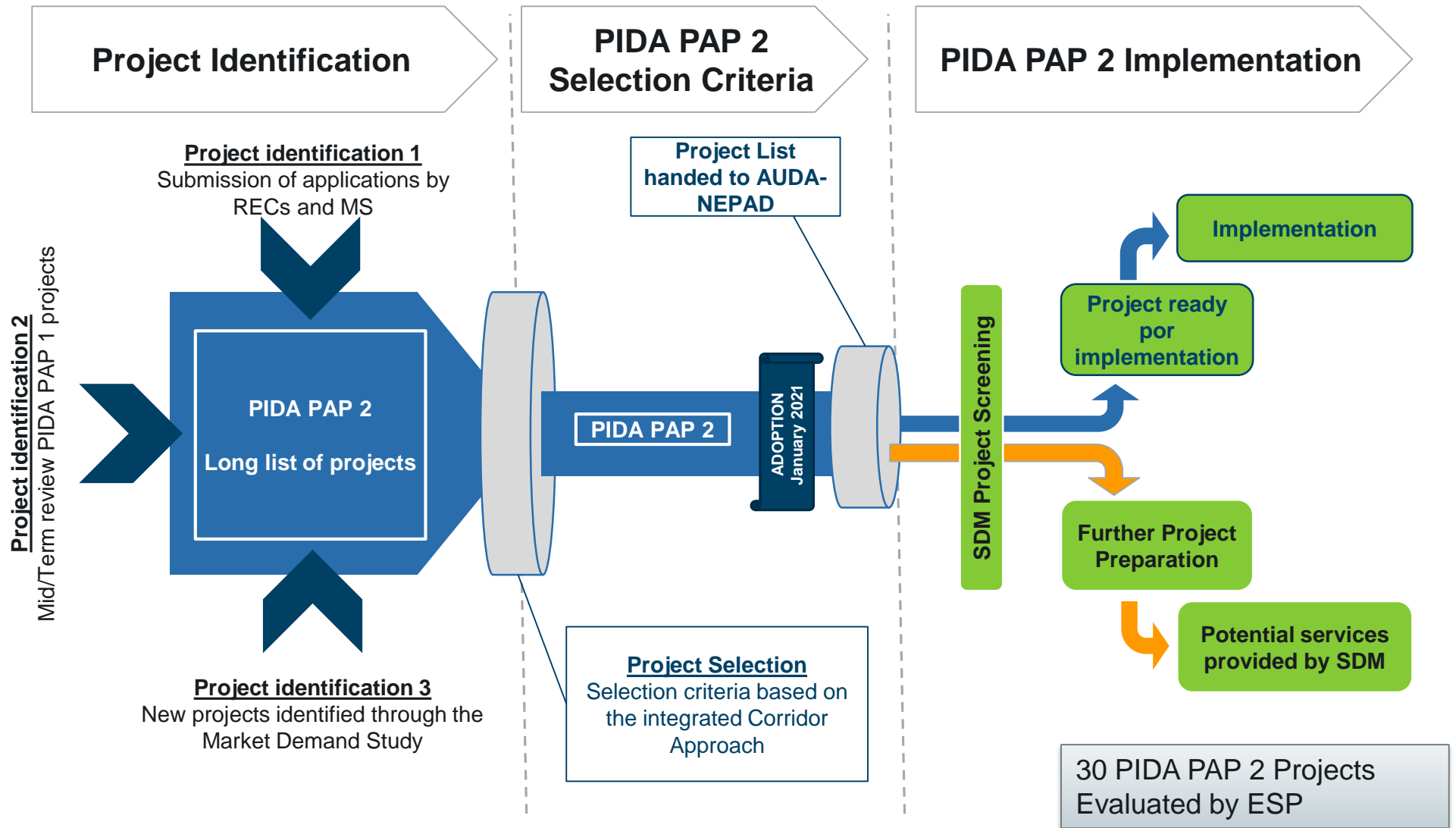
# Snapshot of Category III: List of projects within 4 targeted programmes



4 targeted programmes includes a total of 34 projects complementing the current SDM working portfolio

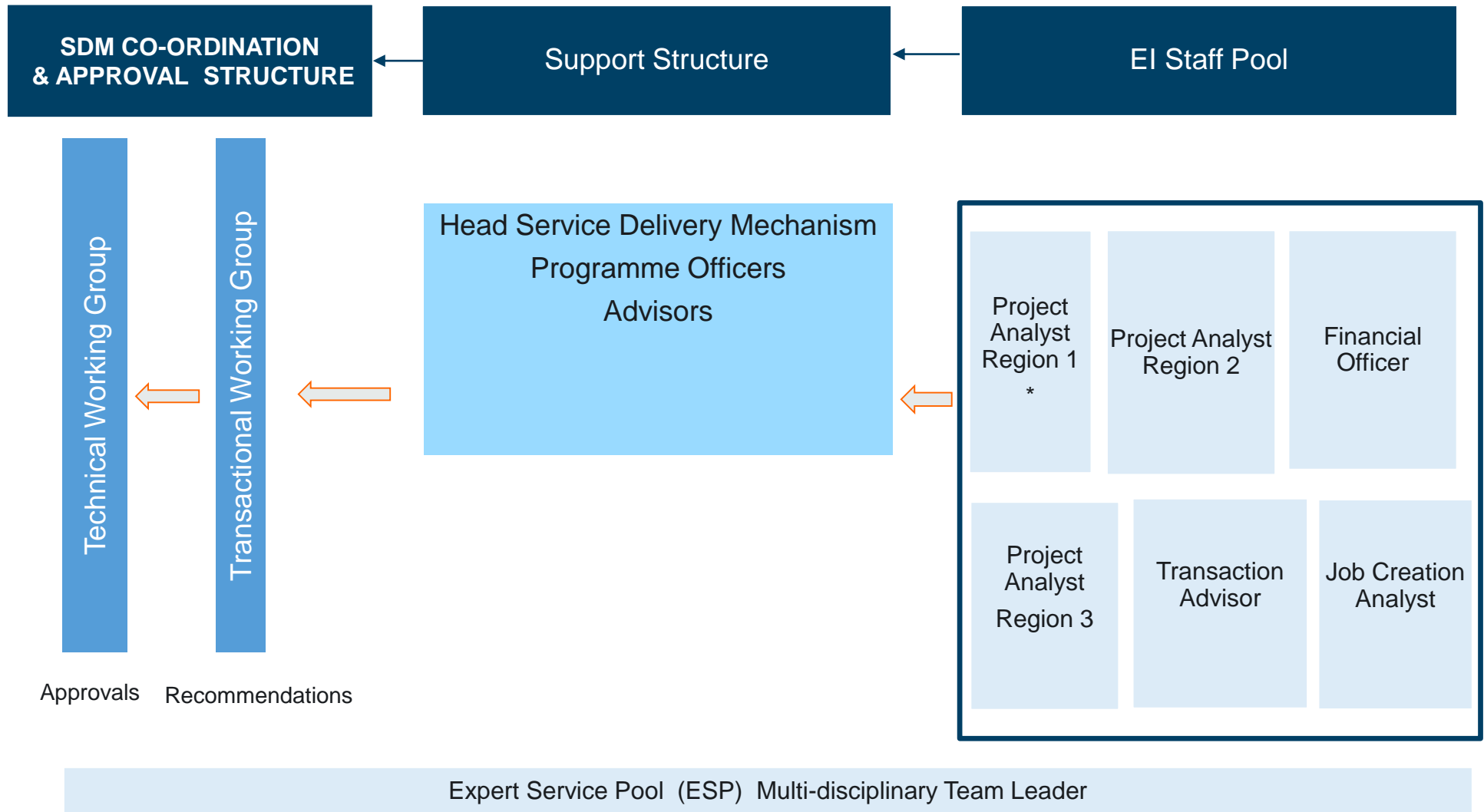
## **SDM's role in PIDA PAP 2 Process**

# PIDA PAP 2 and SDM advisory services



## SDM Team overview

# SDM organizational and authority structure



Some positions within the SDM structure are currently being staffed

# Challenges and Opportunities

# Challenges and Opportunities to the SDM Implementation

## People

## Data

## Expert service Pool



### Staff Stability

- Training of SDM staff
- Ratio of projects to project lead (4 to 1)
- Vacancies
- Retention Strategy



### Data Security and Confidentiality

- SDM requires a accurate and comprehensive data
- Confidentiality of data must be guaranteed
- **Storage platform required**
- The upgrading of VPIC and AID will make for better decision making if linked to SDM



### Expert Service pool and PQL

- SDM requires technical skills to support evaluation
- ESP is outsourced
- AUDA Procurement
- Model and Cost of ADA ESP
- Service delivery pace is dependent on ESP availability

The following are the strategic challenges that if addressed will strengthen the sustainability and efficient of SDM services

# Conclusion

# SDM in Brief

## Objectives

- ❖ SDM is an infrastructure project preparation facility providing **technical assistance to countries and agencies that originate PIDA projects to address early-stage project preparation issues and challenges.**
- ❖ It tackles the lack of technical and financial capacity during the project preparation phase of infrastructure projects **via technical advisory** in order to give initial momentum to PIDA projects **to be channeled through the project preparation cycle.**

## Service

- ❖ Support the project sponsors' application to Project Preparation Facilities(**complementing as such NEPADs IPPF mandate**)
- ❖ Assessment of project investment conditions and advisory services
- ❖ Cross-Border Harmonization Support to enable viable project operation across two or more countries **by aligning regulatory, legal, procurement, and institutional frameworks**
- ❖ Ongoing Project Management and Tracking to accelerate the project development project against a concrete project development timeline and benchmarks
- ❖ **PIDA Project Diagnostics and Solutions** to assess PIDA Projects that have stalled, identifying bottlenecks and possible solutions for consideration of the project owners, with implementation of remedial actions as appropriate

# SDM in Brief

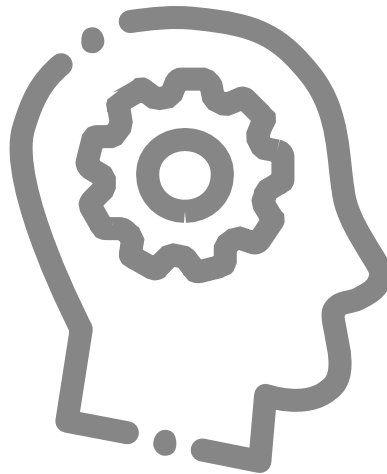
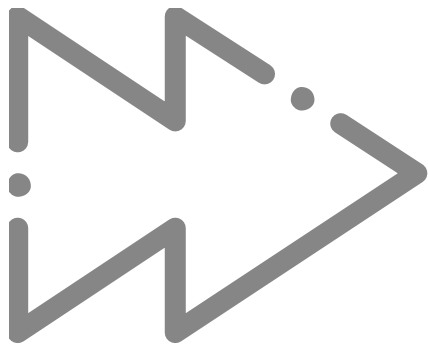
## PIDA Quality Label

- ❖ Quality recognition awarded to projects that **excel in the preparation of PIDA projects at an early stage**
- ❖ The PQL requires projects to go **through three different stages namely;**
- ❖ **Quick Check (QC) Stage (PQL1):** a first filter identifying project preparation gaps and helping Regional Economic Communities (recs) and African Union Member States (MS) to structure project information and knowledge.
- ❖ **Pre-feasibility Stage (PQL2):** identification of Project Preparation Funds (ppfs) potentially interested in project technical support according to their submission requirements, helping the owners to be considered as eligible for the financing of technical studies.
- ❖ **Advanced Stages (PQL3):** facilitation support to project owners to establish bankability of project to strengthen potential financial close of project.

## SDM Expert Service Pool

- ❖ **A pool of expertise and resources** assisting regional and national project sponsors with advisory services to accelerate projects' processing times from concept stage to projects' financial close, **thus increasing the number of projects that reach advanced stages.**
- ❖ Under this initiative, **AUDA-NEPAD through GIZ support has secured the services of a pool of experts; ALG** to assist the owners of at least **6 PIDA projects** to access Project Preparation Funds (PPF) funding for the feasibility studies **until July 2021.**

# Q & A



# SDM ANNEXURES FOR TWO PROJECTS

1. Projet de la route Ouesso-Bangui-N'Djamena et la navigation sur le fleuve Congo et ses affluents l'Oubangui et la Sangha



PDF File

2. Praia-Dakar Maritime & Shipping Services



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