NEPAD / Africa Water Investment programme (AIP) support to PIDA Water* (2019-2024)

Regional Integration, Infrastructure and Trade  Nepad Agency & Global Water Partnership

Gaborone 12th July 2018
Presentation Outline

• Problem definition

• Nepad/AIP Support to PIDA Water
  • Goal, Objective and Scope of the Project
  • Impact and Expected Outcomes
  • PIDA Water AIP Components and Intervention Logic
  • Project Components and Work Packages
  • Project Implementation
  • Project Management, Monitoring, Evaluation, learning, reporting and resources.
The Problem:

Progress in preparation of PIDA water projects is slowed down

In November 2017, NEPAD Agency and the African Ministers Council on Water (AMCOW) commissioned a review of the implementation of transboundary water projects under PIDA. According to the review water projects showed little progress compared to projects in other PIDA focus areas: ICT, Energy, and Transport.

‘As of today progress in these projects is slowed down by several factors including low capacity for project preparation; lack of financing, including PPP; lack of clear institutional arrangements for implementing the PAP, including the role of the RECs, LRBOs, and Member States. Currently even information on the current status of some of the PAP projects is not readily available.’ – Evaluation Report (Dr Krugmann)

To address the lack of progress in implementation and focus attention on water, NEPAD Agency in collaboration with Global Water Partnership has established ‘PIDA Water’ as part of the second PIDA Phase from 2019-2024.
Inadequate bankable transboundary water infrastructure projects on the continent remains a challenge. While water infrastructure investments needs are mounting due to a growing population and an industrializing Africa, the rate of progress in preparation and financing water projects is slow. The pace of water investments falls far short of the increase in water demand.

This problem is not new to Africa and it is not unique to the transboundary water sector.

‘The Infrastructure Consortium for Africa (ICA) highlights that under-investment in infrastructure is a common issue throughout the Continent and that problems are similar everywhere.’
NEPAD/AIP Support to PIDA Water
A joint collaboration between NEPAD Agency and GWP through the Africa Water Investment Programmes (AIP)

- GWP support to PIDA Water will be provided within the framework of the Africa Water Investment Programme (AIP) under its Component (2) for Project Preparation and Finance for water, energy, food and ecosystems nexus of the AIP.
- NEPAD Agency will work with GWP to mobilise partners across the continent, accelerate project preparation and catalysing investments for job creation.
- The programme will promote innovation, stronger project transaction advisory support services linked to PIDA PAP 2 and capitalise on PIDA delivery Regional Integration, Infrastructure and Trade Programme (RIITP) instruments.
- The PIDA Water support programme will contribute to the implementation of the key recommendations of the HLPW Outcome Document relevant to Africa. This will contribute to efforts towards accelerating implementation of Agenda 2063, as well as achievement of the commitments of the July 2008 Sharm el-Sheikh Declaration on water and sanitation of the Heads of State and Government of the African Union; the N’Gor Declaration on Water Security, Sanitation and Hygiene; and the Africa water investment Programme objectives.
Goal of PIDA Water

To accelerate the preparation and financing of transboundary water projects and foster a water-food-energy nexus approach in the development of hydropower Projects
PIDA Water Objective

To enhance job creation through project preparation and financing of gender sensitive investments in transboundary water and hydropower projects, industrialization and climate resilient development.
Scope of PIDA Water

PIDA Water comprises a portfolio of transboundary water and hydropower projects and will be implemented by NEPAD Agency, Regional Economic Communities (RECs), River Basin Organisations and executed by GWP in collaboration with other partners.
PIDA PAP Transboundary Water Projects
1. **Palambo**: Regulation dam to improve navigability of Obangui River with added hydropower component; Congo River Basin.

2. **Fomi**: Hydropower station in Guinea with irrigation water supply for Mali and regulation of the Niger River; Niger River Basin.

3. **Okavango River Basin**: Multi-sectoral investment Opportunity studies: Identification and preparation of investment programs in the basin.

4. **Lesotho HWP Phase II** - water transfer component: Orange-Senqu River Basin.

5. **Gourbassy**: Multi-purpose dam located in Guinea; regulation of the Senegal River; Senegal River Basin.

6. **Noumbiel**: Multipurpose dam with hydropower generation component (Burkina Faso & Ghana); Volta River Basin.

7. **Nubian Sandstone Aquifer System**: Implementation of regional strategy for the use of the aquifer system; Nubian Sandstone Aquifer System.

8. **North-West Sahara Aquifer System**: Pre-feasibility studies for the improved use of the aquifer system; North-West Sahara Aquifer System.

9. **Jullemeden Aquifer System**: Pre-feasibility studies for the improved use of the aquifer system; North-West Sahara Aquifer System; Jullemeden and Taoudeni/Tanezrouft Aquifer System.
Hydro Projects for Water-Energy – Food Nexus

- Sambangalou
- Ruzizi III
- Rusumo Falls III
- Polihali Hydropower Dam and Transfer Tunnel to Katse Dam
- Mpanda Nkuwa
- Kobong Pumped Storage Dam
- Kaléta
- Inga 3
- Grand Ethiopian Renaissance
- Batoka Gorge
$10 billion investments leveraged by 2030 toward Agenda 2063 and SDG 6, stimulate job creation and growth

100 million people benefit from opportunities generated, root causes of migration addressed

2 million indirect jobs created for vulnerable, poor youth, women and girls

250 thousand direct jobs created through investments in water and sustainable sanitation

Africa water Investment Guarantee Fund options for establishment developed

Stalled priority PIDA water infrastructure projects ‘unblocked’ and project preparation accelerated

Africa Water-Energy-Food Nexus Operational framework adopted by AU members states

PIDA Hydropower projects adopt multipurpose ‘water-food-energy’ nexus investment approach
Expected outcomes

- Delivery of critical PIDA Water infrastructure accelerated, meeting the needs of water dependent growth sectors and addressing the needs to the poor.
- African Water and Sanitation Investment Guarantee Fund options developed
- SDG 6 ‘Investments Cases’ on water and sanitation developed and support job creation, gender empowerment and industrialisation
- Water security, sustainable sanitation and climate resilience integrated in development
- Bankable projects prepared on water-energy-food-ecosystems nexus and governance assisted to access finance for implementation
- Transaction management related blockages and log-jams removed for transformational transboundary and national water projects
- Innovative public-private partnerships, knowledge and capacity of institutions strengthened for improved water governance at regional and national level
PIDA Water-AIP Components: Mobilise, Accelerate, Catalyse

- **Catalyse** Climate Resilient Water Investments for Job creation, Industrialization and SDGs achievement at all levels

- **Accelerate** Project Preparation, Financing and Transaction Management

- **Mobilize** Partnerships for Water Governance and Investments
PIDA Water Intervention logic: *Mobilise-Accelerate-Catalyse*

PIDA Water design follows the logic of the Africa Water Investment Programme (AIP): *Mobilise-Accelerate-Catalyse* within which public-private partners are mobilised to provide targeted support to undertake comprehensive analysis to support accelerated project preparation and preparation of a business case for high level policy, decision makers and investors to motivate for catalysing investments that will lead to desired outcomes and impacts measured through increased investments and socio-economic improvements in people’s lives.
Project Components and Work Packages

The proposed project comprises three (3) components, which together contain eight (8) work packages. The components are designed to support the water and related infrastructure development programmes of NEPAD with specific attention given to the water PAP projects which are not progressing as planned. The structure of the programme is around three (3) components with eight (8) Work Packages:

- **Component 1: Catalyse Climate Resilient Water Investments, Job creation, Industrialization and SDGs**
  - Work Package 1: Mobilise High Level Political Support for water security and jobs
  - Work Package 2: Mainstream climate resilience, gender and social inclusion in development

- **Component 2: Accelerate Project Preparation, bottleneck analysis, Innovative financial arrangements**
  - Work Package 3: Support economic-social and bottleneck analysis of transboundary projects
  - Work Package 4: Support project preparation, foster water-food-energy nexus approach
  - Work Package 5: Enhance capacity, knowledge and transaction management advisory
• **Component 3: Mobilize Partnerships for Water Governance, Transaction Management, Investments**

• Work Package 6: Promote water governance, stewardship and environmental management

• Work Package 7: Enhance public-private sector partnerships and institutional arrangement

• Work Package 8: Programme Coordination, M&E and Experiential Learning
Component 1. Catalysing Investments and Jobs

Catalyse Climate Resilient Water Investments for Job creation, Industrialization and SDGs achievement at country, transboundary and regional levels.

• **The Objective:** is to support governments create jobs through increased investments in transboundary water infrastructure required for sustainable industrialisation by water-dependent growth sectors from which wealth and employment are derived.

• **The Outcome** is water security, climate resilience investments and job creation integrated in the delivery of critical PIDA water infrastructure meeting the needs of water dependent growth sectors, industrialisation and addressing the needs to the poor.

The detailed activities for each Work Package is provided in the following section:

• **Work Package 1:** Leverage Political Support for Investments in water security and sustainable sanitation for job creation and industrialization.

• **Work Package 2:** Mainstream climate resilience, gender, youth and social inclusion in planning processes
Component 2 : Accelerating project preparation

**Accelerating Project Preparation, Financing and Transaction Management**

- **The Objective** is to support a number of concrete steps aimed at accelerating the implementation of transboundary water infrastructure projects, focusing first on the NEPAD PIDA PAP water projects.

- **The Outcome** is accelerated implementation of priority transboundary water infrastructure projects and a number of new analytical and management tools which will lead to better understanding of the role of water infrastructure in growth and development, and a better understanding of the complexities of transboundary water development.

This is where the majority of the detailed activities will be done which will lead to “unblocking” stalled PIDA Water PAP projects and the Work Packages are as follows:

- **Work Package 3:** Country-driven integrated economic and social analyses to optimize investment priorities and to determine the value of water, plus ‘Bottleneck Analyses’ of stalled and slow implementation water projects.

- **Work Package 4:** Support Preparation and Financing of water and sanitation projects through ‘integrated, bundled investment’ and water-food-energy nexus approaches.

- **Work Package 5:** Embedded transaction management support, knowledge management and capacity / skills development
Component 3: Mobilizing partnerships

**Mobilizing Partnerships for Water Governance and Investment.**

- The **Objective** is to engage existing (and possible new) players and partnerships in the processes identified in Component 2 which will accelerate transboundary water investments, and to ensure that these processes are sustainable through good governance and environmental management, given the complexity of transboundary waters.

- The **Outcome** will be strengthened partnerships and improved governance.

As with the other activities, the NEPAD Agency and GWP will work with a range of institutions, agencies and experts related to water infrastructure development to undertake different appropriate activities and functions. This is further explained in the document on Leveraging Strategic Partnerships. The component Work Packages are as follows:

- **Work Package 6:** Strengthen water governance and environmental management in a transboundary context
- **Work Package 7:** Promote innovative Public Private Partnerships for water development, utilization and management
- **Work Package 8:** AIP Programme Coordination, M&E, Experiential Learning
Project Implementation

Project Phasing

The project will be implemented in four phases which will apply to all activities in the Work Packages. The Work Packages are not consecutive and will be implemented simultaneously. Activities within individual Work Packages will run consecutively across the four phases as follows:

- **Identification Phase** – In most of the work packages an initial process of identification is required to determine the precise scope of problem issues and the potential for intervention. This phase will also be used in some Work Packages to identify specific target projects where analysis and support will be provided through the programme in close collaboration with GWP the executing agency, development partners and stakeholders.

- **Analytical Phase** – This is the phase during which in-depth Analytical Studies and Need Assessments will be undertaken which will inform the actions required in subsequent phases to provide advice and support to accelerate infrastructure implementation and other action.

- **Preparation Phase** – Based on the outputs of the analytical Phase, Advisory Notes relating to specific projects and/or riparian countries on how to proceed in the accelerated implementation of transboundary water infrastructure projects will be prepared. Generic Guidelines on specific methodologies and processes will also be prepared which will be of use in water infrastructure projects throughout the continent.

- **Investment Phase** – Provide investments and support to countries, RBOs, RECs etc. to implement activities as advised in order to accelerate project implementation.

Project Duration and Timing

- Because of the phased nature of the work described the document, it is difficult to accurately predict the precise timing and costs of the programme. An estimate of the timing is provided below in the document Table 3 but this will need to be reassessed as the project progresses, particularly the latter phases. The total estimated period for the project is 5½ years excluding extensions if data and information is not forthcoming from stakeholders.
Risks

• Due to the inherent complexity of transboundary water infrastructure projects, there are a number of risks to the project at a number of levels, many of which are beyond the direct control of the NEPAD Agency and the GWP. However, although some risks may be beyond the direct control of NEPAD Agency, they are not necessarily beyond the sphere of influence of the NEPAD Agency, GWP and related partners such as AMCOW and the AUC.

• It is clear from the study commissioned by AMCOW) entitled “Evaluation of the Implementation Status of Water-related PIDA Projects”, November 2017, that there may be a considerable risk of lack of engagement of some stakeholders at national and river basin level. The difficulty of engaging with the right interlocutors who have access to technical and other information, and who have the authority and inclination to engage, is a common and well known risk in this sector. There is also a significant risk that, even if there is a desire to engage and make information available, the required technical, economic and multi-sectoral information may not exist.
Project value, Benefits and opportunity cost

• The project cost is estimated at $10.3 million – (see Section 2.8 for a detailed breakdown). The objective of the programme is to accelerate the implementation of a number of large transboundary water infrastructure and hydropower projects identified by NEPAD as priority projects under PIDA PAP. They were selected as priority projects by NEPAD the African Member States because they will potentially significantly contribute towards the growth and development of the beneficiary countries which would benefit from their construction.

• The value of the programme therefore needs to be determined in terms of the value of the infrastructure projects, which the programme is designed to accelerate. It is estimated that the project will leverage at least $10 Billion water related investments.

• The value can also be viewed in terms opportunity cost-the amount of benefits lost for each year that the planned infrastructure remains unimplemented. The combined value of the opportunity cost of non-performing NEPAD PIDA PAP water projects has not been quantified by NEPAD but it is likely to be worth several $USD Billion.

The projected benefits of the project are as follows:

• Accelerated transboundary investments by development partners and countries in support of regional industrialisation, job creation and progress towards SDGs
• Improved capacity of stakeholders to support national governments in project preparation of climate resilience investments and job creation
• Increased recognition by governments of benefits of regional cooperation in addressing transboundary waters and appreciation of efforts towards peace building, conflict prevention and regional and Pan-African integration
• Improved livelihoods in local communities through provision of water services and job creation climate sensitive water investments
Project Management, Monitoring, Evaluation, Learning and Reporting

The project governance will build on established structures already in place by the NEPAD Agency for PIDA

• **Heads of State and Governments Orientation Committee (HSGOC):** The African Union will provide political leadership through the Heads of State and Governments Orientation Committee (HSGOC) established under the NEPAD Agency.

• **Programme Management Board (PMB):** Reporting will in the first instance be to a Programme Management Board (PMB) established to guide the implementation of the programme. The make-up of the PMB will be determined by the NEPAD Agency and the funders of the programme. Detailed management and reporting arrangements will be designed during the Inception Phase.

• **A Project Management Unit (PMU) will be established within the NEPAD Agency and will include staff from NEPAD Agency, GWP and other project staff appointed to support implementation.** It is anticipated that the PMU will prepare regular progress reports on a six monthly basis and that there will be a Mid-Term Review and a Project Completion Report.

• **An Expert Group** will be set up to support the PMU in project implementation. The Expert Group will comprise pre-screened and approved experts, firms and organisations with requisite experience in Transaction advisory services covering specialist activities required for project preparation including engineering, Environmental and Social Safe Guards (ESS), Economics, project finance, procurement, economics and others.

• **Monitoring and evaluation:** Monitoring and evaluation is an important element of the project and is structured into the ongoing project management and administrative functions. A detailed M&E plan will be prepared during the Inception Phase of the project.

• **Learning:** A significant proportion of the project is dedicated to fully understanding the complex technical and non-technical context of the Priority Projects and applying new analytical and operational tools including a) Country-Driven Water Economics Analyses, b) Underlying Non-technical Context Analysis and c) Transaction Management Support. In Phase 3 of the project the analytical work will be written up into Advisory Notes and Guidelines which are designed to maximise the learning for governments, stakeholders and others, and will be of value to the NEPAD Agency in other non-water infrastructure projects. This is one of the primary outputs of the programme, which is aimed at accelerating infrastructure development.

• **Project Resources – staffing requirements, cost summary (budget), and Cross-cutting issues Consideration are indicated/ reflected on in the project document.**
Thank you