PAN-AFRICAN CONFERENCE ON TACKLING INEQUALITIES IN THE CONTEXT OF STRUCTURAL TRANSFORMATION

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in partnership with:

United Nations Economic Commission for Africa
UNDP
EndPoverty 2015
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THE PROGRAM ON INFRASTRUCTURE DEVELOPMENT FOR AFRICA (PIDA): HIGH AMBITIONS & HIGH RISKS

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Part I: What is PIDA?

--Approved by Heads of State in 2012

--Doubling spending on African infrastructure to $93 billion/year (roughly 15% of GDP).

--Fosters integration within/between regional economic communities.
<table>
<thead>
<tr>
<th>Region</th>
<th>Cost (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continental</td>
<td>3.0</td>
</tr>
<tr>
<td>North Africa</td>
<td>1.3</td>
</tr>
<tr>
<td>West Africa</td>
<td>6.2</td>
</tr>
<tr>
<td>Central Africa</td>
<td>21.5</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>12.6</td>
</tr>
<tr>
<td>East Africa</td>
<td>23.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67.9</strong></td>
</tr>
</tbody>
</table>
Total cost of PIDA’s PAP by sector and region: $67.9 billion through 2020

<table>
<thead>
<tr>
<th>Sector</th>
<th>Cost (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>24.4</td>
</tr>
<tr>
<td>Energy</td>
<td>40.3</td>
</tr>
<tr>
<td>Water</td>
<td>1.7</td>
</tr>
<tr>
<td>ICT</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67.9</strong></td>
</tr>
</tbody>
</table>

PIDA’s energy impact
PIDA’s transport impact
PIDA’s transboundary water impact

- North-West Sahara Aquifer System
- Gourbassy Dam
- Feasibility Study for Better Usage of the Lullemaden Transboundary Aquifer
- Nounbiel Dam
- Palombo Dam
- Multisectoral Investment Opportunity Studies of the Okavango Basin
- Strategy for Nubian Sandstone Aquifer System
- Lesotho Highlands Water Project Phase II Water Transfer Component
Financing of PIDA

- Africa50 Initiative of 2014 to mobilize US$10 billion to attract USD$100 billion from actors:
  -- G8+: Infrastructure Consortium for Africa (ICA)
  -- Governments – China, India, etc.
  -- Expansion of Existing Institutions (World Bank)
  -- New Institutions (AIIB, BRICS Bank)
  -- G20’s effort to mobilize pension funds, SWF, etc.
International Capital Markets

Official Donors and Creditors

PIDA

Private Investors and Lenders
Part II: PIDA’s 5 Choices
PIDA’s Choice #1

Will PIDA continue the historic pattern of exporting Africa’s raw materials to the world?

Today, the industrial sector has a smaller share of GDP than in 1970.
OR, WILL PIDA FOSTER DIVERSIFICATION?

Will PIDA implement a transformation strategy to diversify into sustainable (low-carbon) industrialization? Achieving manufacturing value-added? Creating jobs? Locking in sustainable technology?
To what extent will Africa rely on the private sector, when ultimately the public sector will pay the bill? What is the cost of pension funds? Attracting private sector investment into greenfield infrastructure projects? (Keeping in mind that the US$ 12 billion in private sector investment in SSA (2009) was mostly in ICT.)
Will governments appropriately limit their exposure to PPP Risks?

- PPP. IMF says --55% of PPPs renegotiated (every 2 years) to increase tariffs (62%),
  --decrease obligations of private sector (69%)
  --decrease concession fees paid to government (31%)
Choice #3” Will Africa Recover Illicit Financial Flows?


Source: Global Financial Integrity, Get the data

Created with Datawrapper
## Capital Flight Levels from 1970-2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Billions</th>
<th>%GDP (2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>$59.7</td>
<td>27.3</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>$24.9</td>
<td>83.8</td>
</tr>
<tr>
<td>Ghana</td>
<td>$12.4</td>
<td>38.4</td>
</tr>
<tr>
<td>Kenya</td>
<td>$ 4.9</td>
<td>15.2</td>
</tr>
<tr>
<td>Mozambique</td>
<td>$19.8</td>
<td>214.7</td>
</tr>
<tr>
<td>Nigeria</td>
<td>$311.4</td>
<td>158.2</td>
</tr>
</tbody>
</table>
Choice #4: What scale/purpose will serve the poor?

- Nearly 50% of the population in Sub-Saharan Africa lives on less than US$ 1 a day, representing half of the world’s poor. (Lesotho—one hospital eats country’s health budget)

- Inequality – 75% of 800 million population lack access to energy access; 75% to proper sanitation; 40% to clean water.
Choice #5: Will PIDA promote renewable energy (FiTs) or decentralized systems?

Africa is profoundly affected by climate change. To what extent will PIDA lock-in technology that will be sustainable over the long-term?

Will PIDA reconsider some of its 13 big dams (Renaissance, Batkoa, Ruzizi III, Rusumo Falls, Nphanda-Nkuwa, Lesotho HWP, Sambahagalou, Kaleta, Gourbssy, Fomi, Noumbiel, and Palombo)?