

Concept note on cooperation between AUDA-NEPAD, IMF and WBG in promoting the G20 Quality Infrastructure Investments principles implementation in Africa

A key challenge for improving the bankability of large scale infrastructure projects in Africa lies in the quality of their preparation, often because of an insufficiently rigorous project selection, inadequate evaluation of their commercial, economic, financial viability and fiscal impact, as well as social and environmental and governance issues, and a weak technical capacity of the public contracting and implementing authorities.

To address these challenges, the ambition is to propose operational solutions to generate well-prepared and high quality infrastructure projects in Africa and ensuring a more transparent and competitive level playing field in public tenders or PPP projects, by anchoring them in the best international principles and standards on infrastructure quality, specifically the G20 QII Principles.

To achieve this goal, the Summit aims at **recognizing a solid reference base of international principles and standards**, allowing African countries to place their infrastructure strategy within an internationally recognized framework and **ensuring that these international principles and standards are effectively implemented through an assessment mechanism**.

This assessment mechanism would be overseen by the African Union Development Agency (AUDA-NEPAD), focused on the implementation of agreed international principles, including the G20 Principles for Quality Infrastructure Investment, and the IMF's Public Investment Management Assessment and the IMF/WB's PPP fiscal risk assessment model, as **guiding standards and references** for the Government's strategy in infrastructure development, resources mobilization national strategy, and for the monitoring of the whole project's selection, design, financing, budget allocating, tendering and implementing process.

This would contribute to develop synergies with the certification work (PIDA QL) initiated by the AUDA-NEPAD as part of the Program for Infrastructure Development in Africa (PIDA), and would help spur the creation of an African standards framework, while contributing to disseminating these highest international standards among African countries.

AUDA-NEPAD can play a key role in implementing the assessment mechanism, given to its mission and ambition to execute the agenda 2063 on behalf the African Union, its involvement in the Program for Infrastructure Development in Africa, and the large range of initiatives and instruments it has developed aiming at establishing an exhaustive framework for the implementation of quality infrastructure projects, in addition to technical assistance and capacity building interventions by MDBs which provide extensive support across Africa to build capacity to leverage private investment in infrastructure across PPP units, sectoral ministries and sub-national governments.

How could IMF PIMA, IMF/WB PFRAM support AUDA-NEPAD in implementing this assignment?

There is valuable potential in enhancing the synergies between AUDA-NEPAD activities and those of the IMF and WBG regarding quality infrastructure projects preparation.

Indeed, the IMF's Public Investment Management Assessment (PIMA), provided to IMF member countries at their request, is designed to assess the effectiveness of institutions and processes related to public investment management. This PIMA recognizes that quality

investments in infrastructure are essential to a sustainable and balanced economic growth and that the benefits of investments depend crucially on how they are designed, planned and implemented. Since its launch in 2015, 27 PIMA evaluations have been conducted in Africa. The PIMA is addressing the general framework (planning /allocation / implementation process) of public investment management, both *de jure* and from the effectiveness perspectives, and therefore provides a useful framework to complement project-based assessment. In addition to the PIMA, the PPP Fiscal Risk Assessment Model (PFRAM), developed by the IMF and the World Bank to assess the potential fiscal costs and risks arising from PPPs, helps countries better understand the long-term fiscal implications of PPPs, the risks assumed by government, and identify potential mitigation measures.

Enhanced collaboration between AUDA-NEPAD, the IMF and WB, to the benefit of supporting quality investment in Africa, could be brought about through different means, to support the overall goal of ensuring that the G20 QII principles are well disseminated and implemented:

- Communication of the results of the PIMA evaluations to AUDA-NEPAD, subject to the agreement of the country concerned in line with IMF dissemination policy, and invitation to debriefing meetings organized by IMF missions for development partners whenever relevant;
- Highlight in AUDA-NEPAD evaluations that PIMA and PFRAM represent global standards for quality infrastructure investment, and therefore a key support to country authorities;
- IMF staff could refer in the introductory section of PIMA, to the relevance of the PIMA for key QII indicators that are macro relevant;
- In conducting its assessments, AUDA-NEPAD could systematically signal to country authorities the value added IMF's work represents to implement best practices. In particular, IMF would stand ready to provide targeted capacity development support to conduct PIMAs, support PIMA recommendations and offer updates to previous PIMA evaluation, in line with capacity development prioritization policies.