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**43<sup>RD</sup> MEETING OF THE NEPAD STEERING COMMITTEE**  
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**ADDIS ABABA, ETHIOPIA**

**Project Status Report on Presidential Infrastructure Champion Initiative (PICI)**

**December 2011**

## **Project Status Report – Presidential Infrastructure Champion Initiative (PICI)**

**As of December 2011**

### **Summary:**

During this reporting period, the NEPAD Agency undertook technical working missions to champion countries, namely: Senegal, Algeria, Republic of Congo, Rwanda and Nigeria. National Focal Points for all the champion states have been identified and the NPCA is directly engaged with them on the PICI project status in their respective countries. A Technical Workshop for the Technical Task Team of the PICI was convened on 8<sup>th</sup> to 9<sup>th</sup> December 2011 at the Constantia Hotel & Conference Centre in Midrand, South Africa.

The key objective of the Workshop was to exchange and update technical information to feed into the comprehensive status report on the PICI projects. The Workshop was also in preparation for the Ministerial Working Group meeting and the subsequent NEPAD Heads of State and Governments (HSGOC) Sub-Committee on Infrastructure, meeting to be held in January 2012 during the AU Summit.

The Country Focal Points from the following countries were represented: Algeria, Nigeria, Senegal and South Africa. Rwanda was represented by a senior official from their Embassy in Pretoria. Technical Task Team members from the NPCA, DIRCO (South Africa) and the Planning Commission (office of the Presidency, South Africa) were present.

The Focal Points underscored the need for financing and implementation strategies for the projects. They took note of the development of an implementation strategy that will include PPPs. The Workshop therefore endorsed the initiative from Nigeria to convene an African PPP network meeting, to bring the various PPP units in Africa together so as to develop and harmonize PPP frameworks that will support the implementation of the PICI projects.

Based on the presentations made by the Country Focal Points, listed below is the summary of the current status of the projects:

**Missing Link of the Trans-Sahara – Algeria:** A 200Km missing link from Assamaka (border with Algeria) to Arlit in Niger. The total construction cost is US\$102 million and this amount has already been committed by various lending institutions, with the Government of Niger required to provide US\$8 million. Ratification of the loan agreements is scheduled to start from July 2011 to December 2012. On 19<sup>th</sup> December 2011, the first loan Agreement was signed between the Government of Niger and BADEA. Invitations for tender for the selection of the supervising consultant and the contractor will be concluded by the end of 2012. Construction will commence in January 2013 and the estimated completion date is December 2015.

**Optic Fibre from Algeria via Niger to Nigeria – Algeria:** A 4,500Km terrestrial fibre optic cable from Algiers (2,700Km) via Niger (950Km) to Nigeria (850Km). A joint Declaration was signed by the three states in June 2010. The EIS (Environmental Impact study) for each country is scheduled for completion in December 2011. Invitations for tender for the construction of the project will go

out in February 2012. The total estimated cost of the project is US\$80 million, and it is scheduled for completion and to be operational in 2014. The Algerian Government has created a secretariat for the implementation of the project. Financing for the Algeria section is already in place, and it is also believed that the Nigerian Government has also secured financing for their component. The Government of Niger is currently reviewing their section of the project for possible financing.

**Dakar-Ndjamena-Djibouti Road/Rail –Senegal:** This is a combination of the Trans-African Highway 5 (Dakar to N'djamena) and 6 (N'djamena to Djibouti) a total of 8,715Km. This corridor (Dakar-Djibouti) includes: Senegal, Mali, Burkina-Faso, Niger, Nigeria, Cameroon, Chad, Sudan, Ethiopia and Djibouti. The role of the corridor is to: 1).Support the development of land transport in Africa, 2).Ensure greater mobility of people and goods, 3). Improve the imports/exports of land-locked countries and improve trade within Africa and with the rest of the world, and 4).Provide parallel and mutually supportive Road and Rail within the corridor.

The Executive Summary of the Pre-feasibility study was submitted in May 2011, the Preliminary Report was submitted in September 2011, and was followed by a Validation Workshop on 22<sup>nd</sup> to 23<sup>rd</sup> September 2011 in Addis Ababa, Ethiopia. The Pre-feasibility study has been completed and the Final report (the French version) was submitted on 15<sup>th</sup> December 2011, the English version will be submitted in January 2012. The objectives of the pre-feasibility study were to: 1). Address the Socio-Economic and Environmental Aspects of the Corridor, 2).Establish the viability of the road and rail modes in serving the corridor demand, 3). Establish sectorial priorities to allow Continental, Regional and National decision makers in developing the Corridor, and 4).Define measures for the reliability and safety of the Corridor.

**Nigeria–Algeria Gas Pipeline (the Trans-Saharan Gas Pipeline) – Nigeria:** A 4,400Km of natural gas pipeline from Nigeria to Algeria via Niger, and onto Spain. From Nigeria to the Republic of Niger border (1037 Km), from the Republic of Niger to Algeria (841 Km), Within Algeria (2303 Km) and from Algeria to Spain (220 Km). The conceptual feasibility study was completed in 2006, and the next stage is the definition phase. In 2009 the NNPC (Nigeria), Sonidep (Niger) and Sonatrach (Algeria) agreed to proceed with a draft MOU between the three states and the unincorporated joint venture agreement. The ratification of the Inter-Governmental Agreement (IGA) has been carried out by Algeria and Niger.

The review of the Unincorporated Joint Venture Agreement (UJVA) is on hold pending the resolution of Sonatrach's (Algeria) participation in Nigeria's upstream activities. The estimated project cost of the pipeline is US\$10billion (48") & US\$13.7 billion (56") line diameters (2006) respectively. The 2006 study estimated an internal rate of return of 15.5 – 25% (using the oil price bench mark of US\$70 per barrel), and an equity payback period of 4 – 7 years (based on the line diameter option). All terms and conditions will be agreed by the parties before the financial closure of the project. Revalidation of the project's viability is currently being carried out by the Corporate Planning and Strategy Unit of the Nigerian National Petroleum Company (NNPC).

**Kinshasa-Brazzaville Bridge Road/Rail – Republic of Congo:** The construction of a fixed crossing linking Kinshasa and Brazzaville (DRC and Republic of Congo) ensuring continuity in railway and road traffic to the eastern border of DRC and beyond, facilitating railway and road interconnections in Central, Eastern and Southern Africa. The feasibility studies for the road section and rail sections started in May and June 2011respectively, and they are expected to be

completed in 2012. Republic of Congo is taking the lead for the Road study, while the DRC is leading the Rail study.

**The Unblocking of Political Bottlenecks for ICT Broadband and Fibre optic projects in the neighboring states – Rwanda:** In September 2011, under the chairmanship of H.E. President Paul Kagame, Rwanda convened a broadband meeting in Kigali that brought the Ministers of ICT from the East African Community, the International Telecommunications Union, Telecommunications regulators as well as the leaders of Telecom companies and Internet service providers in the region. The meeting resolved to fast track development of broadband infrastructure in the region and to remove barriers and bottlenecks, both policy related as well as regulatory. In this regard, there have been follow-up meetings between the regulators in the region with a view to harmonize the regulatory environment for efficient ICT infrastructure roll out. Rwanda is also conducting a scanning exercise of ICT and fibre optic projects in the region in order to identify potential bottlenecks for possibly intervention by the President.

**North –South Corridor Rail/Road – South Africa:** A review of all the studies that have been conducted within the North/South corridor has been undertaken. The purpose of this review is to clearly identify the implementation challenges of some of the projects, and most importantly, to prioritize the road and rail projects to be championed by South Africa.

**Water Management, River and Rail Transport – Egypt:** These projects are yet to be defined by the government of Egypt.

**Next Steps:**

PICI implementation in 2012 will commence with the presentation of this report and the latest updates to the Ministerial Working Group, which will convene before the 26<sup>th</sup> HSGOC meeting, for review and approval. Consequently, South Africa as Chair of the High Level HSGOC Presidential Ad Hoc Committee on PICI will furnish the African leaders on the NEPAD Orientation Committee with the updated report. After the 26<sup>th</sup> HSGOC meeting, the NPCA will continue to coordinate this Initiative by convening another Technical Task Team meeting to develop implementation plans and strategies for each of the PICI projects. These plans and strategies will include effective public and private sector participation (PPPs), and other innovative financing mechanism such as domestic resource mobilization. In 2012, NPCA will also consult with Egypt as champion for the Water Management, River and Rail Transport, so that their specific projects within these sectors can be identified.