

**REMARKS OF RT. HON. RAILA ODINGA;
AU HIGH REPRESENTATIVE FOR
INFRASTRUCTURE DEVELOPMENT IN AFRICA;**

7th PIDA WEEK, 28th Feb – 4th MARCH 2022:

EXCELLENCIES,

LADIES AND GENTLEMEN,

Let me begin by welcoming the AU team to Nairobi. Thank for choosing Kenya as the host of this important conference.

I want to recognize and appreciate the work that we have done and continue to do as a continent and the efforts being put in mainstreaming infrastructure as a tool for Africa's integration and economic growth.

Between 2013 and 2017, the average annual funding for infrastructure development in Africa rose to \$77 billion, from about \$ 39 billion in the first quarter of the 21st century. West Africa and East Africa have particularly been resurgent in this aspect.

Although there is much talk about Chinese investment in Africa's infrastructure, African governments have substantially increased their spending on infrastructure. It now stands somewhere around 42 per cent.

Our governments are making bold commitments to pursue infrastructure as a pillar of the continental trade and integration agenda.

The idea of a united Africa is as old as the Continent itself and those of us gathered here should take pride in being critical players in the final lap of a historic race that our fathers started but never got to finish

Despite the progress ladies and gentlemen, Africa's infrastructure data remains humbling and disturbing.

Up to 80 percent of our infrastructure projects are failing at the feasibility and business-planning stage.

Experts and potential partners are beginning to talk of "Africa's infrastructure paradox," a situation where there is extremely high demand for projects, sufficient supply of capital and investors, and voluminous potential projects, but there is insufficient investment in infrastructure projects within the continent.

The result is that Africa is home to more than two-thirds of the global population without access to electricity. It is estimated that by the year 2040, Africa's road network deficit will stand at a minimum of 60,000 kilometers, the rail network deficit will be approximately 30,000 kilometers by 2040.

Africa is in dire need of some 17 new airports, and some 7 new water ports.

Despite Africa's tremendous energy production and distribution potential, our total installed capacity of 145 GW is about the same as the installed capacity of South Korea (130 GW) with her population of 52 million people.

Reports indicate that India connected 100 million people to electricity in 2018. In that period, Africa connected just 20 million people.

We continue to lag behind the rest of the world in the reach and quality of ICT penetration.

In a nutshell, all our best efforts of recent decades are not good enough.

Over the past three (3) years, my office has worked closely with AUDA-NEPAD, and various stakeholders in advancing the Planning and implementation of the continent's 40 key transport corridors, high-speed railway projects, 19 ports and the 53 airports.

My office has also supported the government of the Democratic Republic of Congo in positioning the Grand Inga Hydropower project as a priority continental energy project for Africa.

The African Development Bank (AfDB) estimates that the continent's infrastructure needs range between US \$ 130 billion and US \$ 170 billion a year. The financing gap is estimated to range between US \$ 70 and US \$ 110 billion a year.

Under the PIDA-Priority Action Plan (2), some 69 infrastructure projects have been adopted by the AU Heads of State. These projects represent an aggregate capital expenditure of US \$ 160 billion.

Lessons from PIDA-PAP 1 can be important for PIDA-PAP 2. For instance, more than 50 per cent of PIDA-PAP 1 projects did not get to construction or operation stages. And some 30 per cent of the PAP 1 projects did not go beyond the feasibility stage.

The lack of financing for project preparation costs, as well as project implementation costs is the primary reason for this failure.

The NEPAD Infrastructure Project Preparation Facility by AfDB, the Service Delivery Mechanism (SDM) by the AU, and the Specialized Agencies (SAs) for cross-border projects are in line with my continued call for a robust infrastructure fund for Africa to support project preparation and implementation.

As I have stated, I recognize that there has been significant infrastructure financing by our governments. What is missing is private sector and institutional investors financing. PAP 2 needs a financing strategy that focuses on the private sector and Public Private Partnerships (PPPs).

Institutional investors, both local and international, government agencies from the US, UAE, China, France, UK, all have an appetite for African infrastructure projects. Again, what is needed is a pipeline of bankable projects.

Experts are telling us that these alternative investors have some US \$ 2.5 trillion that could be unleashed for various Africa infrastructure assets over the next 5 years.

We need to create an enabling environment, complete with bankable projects, for these monies to unlock our infrastructure needs.

Beyond financing, AUDA-NEPAD and the AfDB, have identified five (5) necessary enabling elements for the successful implementation of PAP 2 projects:

Number one is National ownership; This is meant to ensure regional projects are included in National Development Plans.

Number two is Regional Commitment. Here, we need Regional Economic Communities to include prioritized regional projects in the Regional Infrastructure Master plans.

Number three is Capacity Building for Transnational Project Management. This will ensure that the much needed coordination of the various stakeholders involved in these large and complex projects.

Number four is Strong Advocacy from the AUC, AUDA-NEPAD, UNECA, AfDB to help mobilize the needed resources.

Number five is Enhanced Project Quality Standards. We need this to increase investor confidence.

Ladies and gentlemen,

The Africa Continental Free Trade Area (AfCFTA) is a monumental policy success for Africa and a potential game changer.

The agreement aims to make the continent a single trading market that would be one of the largest free trade zones in

the world since the WTO was established in 1995. But as it stands today, Africa remains a marginal player in the global trade in goods. Africa also trades minimally with itself.

It is projected that the free trade agreement will increase the value of intra-Africa trade by between 15 per cent and 25 per cent by 2040.

However, trade liberalization policies alone will not be sufficient to drive intra-Africa trade.

It will take enhanced, new, and appropriate physical and soft infrastructure for intra-Africa trade to become a reality.

I therefore wish to call on our governments and development institutions to undertake the following:

One; let us go all out to improve the flow of private sector financing.

Two; let us reallocate government financing to prevent crowding out of private-sector financing.

Three; let us strengthen collaboration with national and multinational financial institutions for infrastructure development.

To private sector developers and investors, this is the time to invest even more capital upfront in order to ensure that projects are feasible and correctly prepared right from the earliest development phases for infrastructure to be an attractive investment opportunity.

I thank you Excellences, Ladies and Gentlemen, and pray that we can act with a sense of urgency, and in a coordinated manner, to prepare, plan, and manage our priority infrastructure projects with a new level of rigor, and robustness.

Thank you.