



The Programme for Infrastructure Development in Africa:
Transforming Africa through Modern Infrastructure

Closing the Infrastructure Gap Vital for Africa's Transformation

Closing the infrastructure deficit is vital for Africa's economic prosperity and sustainable development. Improved infrastructure would facilitate increased intra-regional and international trade, reduce the cost of doing business and enhance Africa's competitiveness within itself and in the global economy as well as act as a catalyst to Africa's economic transformation and diversification through industrialisation and value addition and sustainable and inclusive growth.

After decades of dismal growth, Africa is growing rapidly and is poised to transform itself into an economic success and a model for other regions of the world. But the continent's large infrastructure deficit is holding it back. The road access rate in Africa is only 34%, compared with 50% in other parts of the developing world, while transport costs are 100% higher. Only 30% of Africa's population has access to electricity, compared to 70-90% in other parts of the developing world. Water resources are underused with only 5% of agriculture under irrigation. The Internet penetration rate is a mere 6%, compared to an average of 40% elsewhere in the developing world.¹²



¹ *Infrastructure Deficit and Opportunities in Africa (September 2010) Economic Briefs, African Development Bank*

² *PIDA Study Synthesis*

Closing the infrastructure deficit is vital for Africa's economic prosperity and sustainable development. Improved infrastructure would facilitate domestic and international trade, reduce the cost of doing business and enhance Africa's competitiveness both as an exporter and a destination for investors. Economists estimate that, overall, deficient infrastructure costs Africa 2% in reduced output each year.³

The costs of closing Africa's infrastructure gap are vast. The Programme for Infrastructure Development in Africa (PIDA) will cost around \$360 billion between 2011 and 2040, with significant investments required by 2020. Such costs are beyond the financing capacities of governments or even donors. Attracting private sector participation through Public-Private Partnerships (PPPs) is therefore essential for the delivery of various infrastructure projects envisioned under PIDA.



PIDA delivery will depend on effective public-private sector partnerships (PPPs) and not just on the public sector or donors. A clear and transparent regulatory framework is the foundation for a conducive business environment.⁴

For private investors to come on board, governments will need to create the right legislative, regulatory and institutional environment. Demonstrating political commitment by the government is key to attracting investors.

PIDA Investments

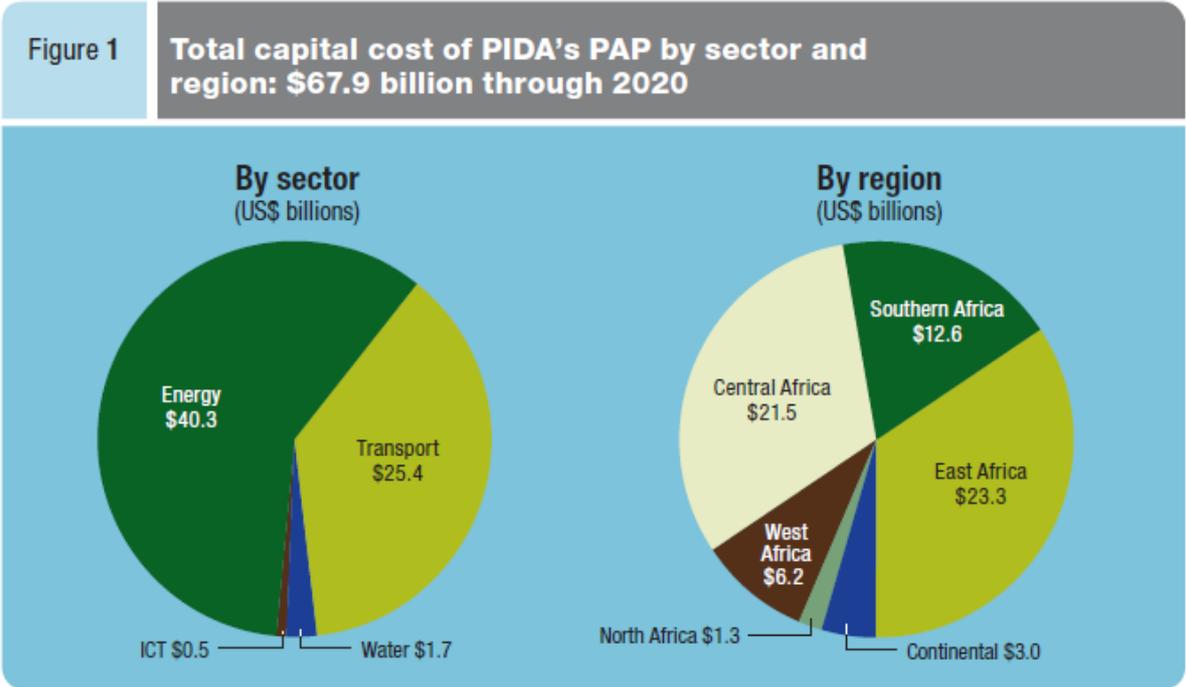
The total estimated cost of implementing all the projects identified in PIDA to address projected infrastructure needs by 2040 is US\$360 billion. The PIDA Priority Action Plan (PAP), which comprises 51 priority infrastructure back-bone projects and

³ *PIDA Executive Summary*

⁴ *How to Engage with the Private Sector in Public-Private Partnerships in Emerging Markets (2011).* World Bank

programmes in energy, water, transport and ICT requires investment of US\$68 billion to be realised by 2020.

Of this, the biggest demand for investment is for energy accounting for US\$40.3 bill or 60% of the PIDA PAP programme followed by transport at US\$25.4 bill or 37% and water at \$1.7 bill or 2.5% and ICT accounting for only \$0.5bill or less than 1% because the basic ICT infrastructure network in Africa is now largely in place.



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