

The PIDA Quality Label: a vehicle of the Service Delivery Mechanism to enhance project preparation



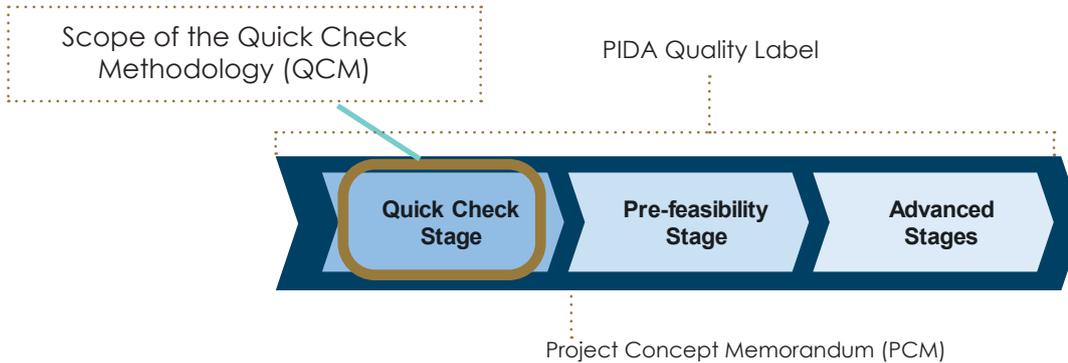
Introduction

The PIDA Quality Label (PQL) is a quality recognition by the AUDA-NEPAD Service Delivery Mechanism (SDM). It is awarded to projects that excel in the preparation of PIDA projects at an early stage.

The PQL is implemented through a collaborative process agreed upon by the institutional and financial parties. This goal is achieved by shortening the period needed to reach the feasibility and bankability stages, identifying project preparation bottlenecks and advising project owners on how to bridge these, and certifying excellence in project preparation with the recognition of relevant PIDA stakeholders.

The PQL will require projects to undergo through three different stages, the first of which being the Quick Check Methodology (QCM):

- **Quick Check (QC) Stage (PQL1):** a first filter will identify project preparation gaps and will help Regional Economic Communities (RECs) and African Union Member States (MS) to structure project information and knowledge.
- **Pre-feasibility Stage (PQL2):** identification of Project Preparation Funds (PPFs) potentially interested in project technical support according to their submission requirements, helping the owners to be considered as eligible for the financing of technical studies.
- **Advanced Stages (PQL3):** facilitate support to project owner to establish bankability of project to strengthen potential financial close of project.



The QCM concept

The goal of the Quick Check Methodology is to allow the SDM (Service Delivery Mechanism) to screen and evaluate candidate projects submitted by RECs, MS and Specialized Regional Infrastructure Development Institutions (SRIDI) or other eligible applicants, in a simple and resource-efficient way. The QCM makes it possible to:

- Assist applicants in structuring project information and knowledge
- Provide project bottleneck analysis to identify technical advisory so that projects can meet minimum entry criteria for PPF submission
- Identify project preparation gaps that may burden and delay the application for funding
- Appraise projects with a multidimensional objective approach agreed upon with PIDA stakeholders
- Provide applicants with a Project Concept Memorandum (PCM) that addresses the project characterization, strengths and weaknesses to eventually make recommendations for next steps before the project liaises with PPFs.

How is the QCM applied

The Quick Check Methodology aims at assessing the maturity of the project and the sector it belongs to in the countries concerned. By design, the methodology assesses the quality of data so that the participation of sectoral experts is not required and evaluation process can be streamlined.

The methodology consists of two stages:

1. **Eligibility** divided into entry and screening
2. **Appraisal** including a single step: evaluation

Eligibility Stage	 Entry	∴ Checks the compliance with basic entry criteria and information requirements
	 Screening	∴ Checks that the project complies with minimum thresholds defined for key variables and identifies missing project justification elements
Appraisal Stage	 Evaluation	∴ Evaluates and compares projects according to qualitative components, as assessing the project's early-stage weaknesses and strengths and laying out a roadmap for successful access to PPFs

The fact that the eligibility and the appraisal stages use the same evaluation components and method helps make the method quick and simple (it is estimated that a project can be assessed within 30 days).

In a second step—and once the eligibility and appraisal stages have been determined—the Quick Check Methodology evaluates cross-border projects through two distinct lenses that focus on the strategic context and the project itself. Each lens consists of a set of key dimensions, which in turn are determined by the aggregation of relevant components:

- **Strategic context lens**

- » **Regional priority:** Assesses the project's regional impact and support, as well as its agreement with the development and sustainability goals for African countries.
- » **Sector readiness:** Assesses the sector's conditions in the region, addressing its maturity, organization and the governing regulations.
- » **Private sector interest:** Assesses the private sector's interest and readiness to take part in the project.

- **Project lens**

- » **Project readiness:** Assesses the maturity of the project's feasibility analysis from all the relevant perspectives.
- » **PPP attractiveness:** Assesses the suitability of the project to be undertaken as a PPP, from the point of view of the private sector, the beneficiary Governments and PPFs through three different components.

Each project can be scored for each of the key dimensions. Once the scores of the project have been obtained, the SDM will develop a Project Concept Memorandum to be shared with the applicant. The document will address the characterization and evaluation of the project, as well as the recommendations to successfully advance from the project preparation pipeline to the pre-feasibility phase.

Process feedback can be given to the applicant at any moment during the Quick Check Methodology. SDM shall support applicants to advance those projects that are deemed attractive. This early effort in project preparation is considered to be key to the successful development of the project and quick access to feasibility studies.

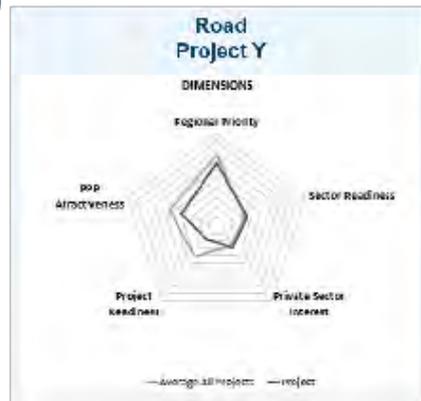
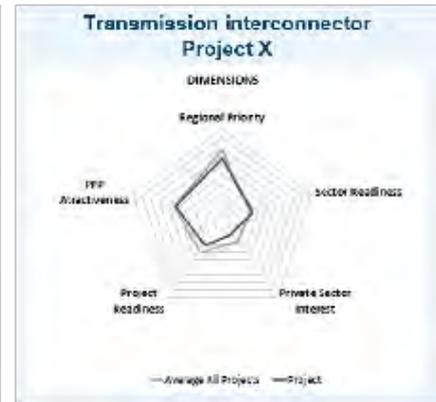
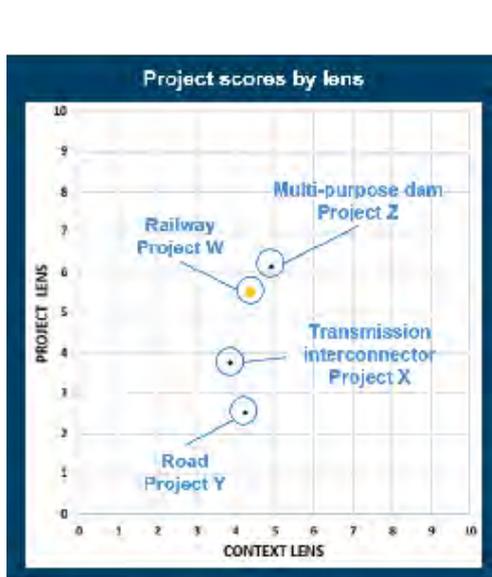


Appraisal Examples

At the appraisal stage, each project, regardless of the sector, will be assessed against all the different lenses and dimensions presented above. Numerical results will be displayed graphically in order to visualize each project's weaknesses, strengths, and comparison with the rest. Below is a list of the criteria by lens and dimension:

		Railway Project W	Transmission Interconnector Project X	Road Project Y	Multipurpose Dam Project Z
Weights	Project score	4.9	3.8	3.4	5.5
50%	Strategic Context lens	4.3	3.9	4.2	4.9
30%	1. Regional priority	7.1	6.8	6.8	10.0
30%	1.1. Level of regional interest and political commitment	10	10	10	10
25%	1.2. Promotion of intra-regional trade and investment	5	7.5	7.5	10
20%	1.3. Poverty reduction	5	0	0	10
25%	1.4. Alignment with... sustainability goals	7.5	7.5	7.5	10
40%	2. Sector readiness	2.5	3.4	3.4	3.4
30%	2.1. Legal and regulatory framework of the sector	2.5	2.5	2.5	2.5
35%	2.2. Sector organization	2.5	5	2.5	5
35%	2.3. Sector maturity	2.5	2.5	5	2.5
30%	3. Private sector interest	4.0	1.6	2.9	1.9
35%	3.1. Private investors appetite	5	0	2.5	2.5
25%	3.2. Country risks	5	2.5	0	0
40%	3.3. Access to financing	2.5	2.5	5	2.5
50%	Project lens	5.5	3.8	2.5	6.2
70%	4. Project readiness	5.3	3.1	1.9	6.1
25%	4.1. Technical viability	2.5	2.5	5	10
20%	4.2. Financial viability	7.5	0	0	7.5
15%	4.3. E&S viability	5	0	0	5
25%	4.4. Governance	5	10	2.5	2.5
15%	4.5. Risks identification	7.5	0	0	5
30%	5. PPP attractiveness	6.1	5.3	4.0	6.3
40%	5.1. Private sector requirements	2.5	2.5	2.5	5
25%	5.2. Beneficiary Government requirements	10	10	5	10
35%	5.3. Project Preparation Facility requirements	7.5	5	5	5

QCM Product: An Analytical Example per Sub-Sector



Who is the QCM aimed at?

- **Project Sponsors** can benefit from assistance in project structuring at early-stages in order to finance the feasibility stages.
- **Project Preparation Facilities** can improve the quantity and quality of project applications with more mature concepts and better structured information, facilitating the application evaluation and granting processes.
- **Financing Institutions** can use the QCM to identify projects concepts that represent an opportunity for financing.

Contact person

Should you have any question regarding the Quick Check Methodology or the PIDA Quality Label, please do not hesitate to contact Mr. Ibrah M. Wahabou.



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