

PPPs 'key to improving infrastructure'

12 May 2011 - I-Net Bridge -



Intro

Africa's infrastructure problem is not caused by a scarcity of money

The main two culprits are the lack of political will to spend the funds available, effectively and efficiently, and a shortage of public and private partnerships (PPPs).

"There is much more money out there than is currently used for energy, water, telecommunications and transport infrastructure," said Adolfo Hernandez, president of Alcatel-Lucent Middle East and Africa. He was one of the delegates at the 21st World Economic Forum on Africa, which took place in Cape Town last week.

"There is money coming in from donor countries, financial institutions, and investors from countries like Canada, China, Denmark, and other parts of the world," he added. "There are plenty of foreign companies such as France Telecom that are investing in Africa. There is, in other words, enough money for infrastructure. The main problem is that these funds are not invested effectively and efficiently by governments, the main responsible player when it comes to infrastructure."

Infrastructure in Africa, or the lack thereof, is considered the main obstacle that is hampering Africa's development. According to the World Bank, an annual US\$93 billion (623.8 billion rand) has to be invested in Africa's infrastructure over the next decade to close the gap with other parts of the world and to meet the Millennium Development Goals.

Brian Molefe, Transnet's CEO, admitted that Africa's infrastructure had seen significant investments, but pointed out that these investments had been selective. "Of the investments, 65% has gone to telecommunications and about 1% to water and sanitation. Why? When you invest in things like telecommunication, you almost immediately see returns - something that is not the case when investing in things like water and sanitation, or roads.

"Investing in Africa's infrastructure has been pushed to the periphery, among other things because of other needs on the continent. It has not been prioritised," Molefe added.

Kenyan Transport Minister Amos Muhinga Kimunya, without directly dismissing the claims of Hernandez and Molefe, said the cost of infrastructural projects was the main cause behind Africa's infrastructural gap.

"Infrastructure is not like buying a piece of, say, software or getting a suit from a tailor," he stated. "It is expensive. As a result, investors are not too keen in investing in things like roads. In addition, because it takes a long time before you can get projects off the ground, it takes a long time before you see return on your investment. This is not attractive to investors.

"Last but not least, Africa is seen as a high risk region by investors, especially by those from Europe and the US. We come across this every time we meet with them. There is this fear, for instance of political instability. That fear needs to be harmonised."

According to Thami Mbele, president for General Electric Southern Africa, the infrastructural problems in Africa can be tackled through PPPs. "Infrastructure, such as water, energy, and transport, is key to a country's economy. Poor infrastructure furthermore aggravates problems such

as poverty and unemployment," he said. "It is important that we all, the private and public sector, engage in this debate and find a collective solution. Partnerships are important in this case, as African governments cannot solve this issue alone.

"What is important is that we find an African solution for this problem," Mbele added. "The way countries like Korea, which a decade or two ago was were Africa seems to be now, solved their infrastructural problems does not have to work here."