

Infrastructure investment is critical for Africa's growth and development

Delegates at the two-day Infrastructure Africa Business Forum held in Sandton, South Africa, last week, heard that African governments need to create the environment for business to invest in infrastructure, as infrastructure investment is critical for Africa's growth and development.



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The Minister of Finance in Zambia, Felix Mutati, said African governments should create a conducive environment in their respective countries that will generate appetite among the private sector to invest in infrastructure projects in the continent.

One of the objectives of the [Infrastructure Africa Business Forum](#), held in Sandton, 21-22 August 2017, was to encourage public-private partnerships in the development of world class infrastructure in Africa.

“I have no doubt that despite the daunting challenges that we experience as a continent when it comes to addressing the infrastructure deficit, we shall overcome if governments are working effectively together with the private sector. But it is important for the government to define its role clearly.

“The role of government must remain to provide a business environment that creates confidence and trust, as well as opportunities for the private sector to invest in infrastructure development,” said Mutati.

Inter-regional trade

South African Minister of Trade and Industry, Dr Rob Davies, said the development of infrastructure is an essential and absolutely fundamental catalyst for regional integration for increased inter-regional trade and for industrialisation in Africa.

“Therefore, infrastructure development lies in the very heart of our efforts to promote high levels of inclusive growth and development throughout the continent,” said Davies.

Davies added there was a huge deficit in the infrastructure that is necessary to support high levels of inter-regional trade that connects African countries to one another.

“As a continent, Africa has an infrastructure deficit estimated at \$93 billion per annum for the next 20 years. Colonialism has created infrastructure that was only geared towards the continent fulfilling its role as mere producer and exporter of primary commodities that were taken to other people’s economies. There is a huge amount of catch-up that we need to undergo as a continent in order to achieve regional integration,” Davies said.

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Mutati added that government should not monopolise investment in infrastructure but should make its responsibility and priority removing the burden that is created by bureaucracy in the private sector.

“It is crucial for government to generate mechanisms and instruments aimed at enhancing the appetite of the private sector to invest in infrastructure development projects. These include credit enhancement and credit contingency guarantees which should go a long way in minimising the level of risks. The private and public sectors should share these risks for the benefit of all in the continent,” said Mutati

Mutati added that decisive political leadership across the continent was important in order to attract investment in infrastructure. He cited the example of the thriving energy sector in Zambia which attracted private investments after the government decided to liberalise it.

Competitiveness

Davies explained that in addition to the infrastructure deficit, Africa was losing over 40% of its competitiveness as a continent due to the absence of infrastructure or inefficiency of established infrastructure.

“The critical role of infrastructure development in achieving integration, growth and development in Africa can never be overemphasised. Through infrastructure development we can provide roads, rail, ports, energy transmission lines and ICT connectivity that are all necessary to facilitate economic development.

“Also, infrastructure can be an important counter-cyclical tool because by infrastructure development we can generate economic activity even if some of the other forms of economic activities are suffering from the negative waves. Thirdly, we can use infrastructure development to support the industrialisation that we aspire to as individual countries and as regions in the continent,” added Davies.

He stated that regional integration has three legs, namely free trade areas, infrastructure development and cooperation which are essential in promoting industrial development across the continent.

“We need to partner to build the required infrastructure and the real capability that will assist all of us build our countries. Adequate, effective, affordable and well-maintained infrastructure is an essential tool for Africa’s growth and development.

“We as South Africa are committed to doing everything possible to unlock the opportunities as we address the infrastructure deficit in the continent because we recognise the important role that infrastructure can play in the industrialisation of the African continent,” stressed Minister Davies.

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